華邦金融控股有限公司

Huabang Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3638)

2019
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. George Lu *(Chief Executive Officer and Chairman)*
Mr. Lam Allan Loc *(Vice Chairman) (re-designated from independent Non-Executive Director to Non-Executive Director and appointed as Vice Chairman on 1 November 2018; re-designated to Executive Director on 12 April 2019)*
Ms. Lau Wing Sze *(resigned on 12 April 2019)*

NON-EXECUTIVE DIRECTORS

Mr. Pang Chung Fai Benny *(re-designated from Executive Director to Non-Executive Director and ceased to be Vice Chairman on 12 April 2018)*
Mr. Lau Wan Po *(re-designated from Executive Director to Non-Executive Director and ceased to be Vice Chairman on 29 June 2018; resigned as Non-Executive Director on 8 October 2018)*
Mr. Yeung Wai Fai Andrew *(appointed on 29 June 2018 and resigned on 2 January 2019)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Loo Hong Shing Vincent
Mr. Zhu Shouzhong *(appointed on 2 October 2018)*
Mr. Li Huaqiang *(appointed on 1 November 2018)*
Mr. Shin Yick Fabian *(resigned on 2 October 2018)*

AUTHORISED REPRESENTATIVES

Ms. Lau Wing Sze
Mr. Wong Kwok Ming

COMPANY SECRETARY

Mr. Wong Kwok Ming

AUDIT COMMITTEE

Mr. Loo Hong Shing Vincent *(Chairman) (appointed as the Chairman of the Audit Committee on 2 October 2018)*
Mr. Zhu Shouzhong *(appointed on 2 October 2018)*
Mr. Li Huaqiang *(appointed on 1 November 2018)*
Mr. Shin Yick Fabian *(Chairman)(resigned on 2 October 2018)*
Mr. Lam Allan Loc *(re-designated as Non-Executive Director and ceased to be a member of Audit Committee on 1 November 2018)*

REMUNERATION COMMITTEE

Mr. Loo Hong Shing Vincent *(Chairman)*
Mr. George Lu *(appointed on 2 October 2018)*
Mr. Li Huaqiang *(appointed on 1 November 2018)*
Mr. Shin Yick Fabian *(resigned on 2 October 2018)*
Mr. Lam Allan Loc *(re-designated as Non-Executive Director and ceased to be a member of Remuneration Committee on 1 November 2018)*

NOMINATION COMMITTEE

Mr. Loo Hong Shing Vincent *(Chairman) (appointed as the Chairman of the Nomination Committee on 1 November 2018)*
Mr. George Lu
Mr. Li Huaqiang *(appointed on 1 November 2018)*
Mr. Lam Allan Loc *(Chairman) (re-designated as Non-Executive Director and ceased to be Chairman of Nomination Committee on 1 November 2018)*

CORPORATE GOVERNANCE COMMITTEE

Mr. Wong Kwok Ming *(Chairman)*
Ms. Lau Wing Sze *(resigned on 12 April 2019)*
Ms. Lu Qinzhen
Mr. Lam Allan Loc *(appointed on 12 April 2019)*

REGISTERED OFFICE

PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

33/F, Enterprise Square Three
39 Wang Chiu Road
Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co. Ltd. Hong Kong Branch
China Everbright Bank Co., Ltd. Hong Kong Branch
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
Taiwan Shin Kong Commercial Bank Co. Ltd. Hong Kong Branch

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law
Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
53/F, The Center
99 Queen's Road Central
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

STOCK CODE

3638

COMPANY WEBSITE ADDRESS

www.huabangfinancial.com
(information contained in this website does not form part of this report)

FINANCIAL SUMMARY

FINANCIAL SUMMARY

A summary of the results and of the financial position of the Group for the last five financial years is set out as follows:

	Year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**844,552**	683,410	836,542	1,206,159	920,269
Gross profit	**56,330**	55,967	34,221	61,630	56,130
(Loss)/Profit before income tax	**(37,576)**	13,172	6,312	30,519	32,649
(Loss)/Profit for the year attributable to equity holders of the Company	**(34,717)**	9,211	5,389	23,448	25,347
Financial position					
Total assets	**813,916**	607,643	414,029	476,942	478,012
Total liabilities	**178,594**	68,602	4,204	211,463	270,730
Total equity	**635,322**	539,041	409,825	265,479	207,282

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of Huabang Financial Holdings Limited (the "Company"), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2019 (the "Current Year") for shareholders' review.

During the year under review, the Group was principally engaged in financial services business and computer and peripheral products business. The financial services business that the Group operates mainly includes (i) corporate finance advisory business; (ii) securities brokerage business; and (iii) money lending business.

Looking back to the year, the global economic and financial market continued to be challenging and fluctuate and China's economic growth continued to slow down. The Sino-US trade disputes also brought uncertainties to the overall business environment during the year under review. Under such unfavorable economic and market situation, there were numerous challenges in the industry which the Group operates. In view of such market conditions, the Group put effort to adopt a prudent and robust business strategy, actively seized opportunities, developed in a steady manner and minimized the impact of such economic and financial market fluctuations. During the year under review, the Group's total revenue for the year was approximately HK$844.6 million, being an increase of approximately HK$161.2 million when compared to the previous year of approximately HK$683.4 million. The loss for the year attributed to equity holders of the Company amounted to approximately HK$34.7 million when compared to the previous year's profit attributable to equity holders of the Company of approximately HK$9.2 million.

The Group continued to maintain robust business strategies and keep on tight control of its operations and focused on enhancing operation efficiency and implementing various cost control measures during the year. The management continued to devote substantial efforts in maintaining a healthy and strong balance sheet. The Group also managed to enhance its long term and close business relationship with customers and obtained full support from them while effectively satisfying their needs at the same time. The Group will continue to monitor the market trends and take prompt and appropriate actions to adjust our business strategies and allocate resources effectively under different market conditions.

Looking ahead, we are confident with the future development of the Group. We aim to continue to execute well and strive to make continuous improvements in the years to come. The Group will mark the People's Republic of China (the "PRC"), particularly in the Greater Bay Area, as its major market and will adhere to the strategy of lifting its market share and competitiveness through integration and improvement of its overall team strength. The Group will adhere to our principle of steady development, and positively cope with any challenges and capture suitable opportunities. The Group will continue to prudently examine any market opportunities to improve profitability and enhance capital functioning of the Group. The Group will also continue to dedicate to exploiting new business opportunities in other sectors from time to time, such as to further extend its business presence in the financial service industry or other business sectors, in order to further diversify and broaden revenue sources of the Group and generate fabulous returns and long-term values for the Shareholders.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders, investors, business associates and customers for their great support and trust, and to our Directors, management and all staff for their invaluable effort and contributions!

George Lu
Chairman

Hong Kong, 25 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Business Review

The Group was principally engaged in (i) computer and peripheral products business and (ii) financial services business.

(i) *Computer and peripheral products business*

The Group operates in the computer and peripheral products industry which is dynamic and competitive and there have been constant changes in new technologies in the industry. During the year under review, the global economy remained fragile and challenging and the overall market competition remained intensive. Attributed to these market conditions, the Group effectively made good use of business and management strategies and appropriate inventory management to reduce the risk arising from the rapid changes of the market. The Group's overall revenue in the business segment of computer and peripheral products increased accordingly during the year under review, increased from approximately HK$648.3 million to approximately HK$810.0 million, representing an increment of approximately 24.9%. In view of such market conditions, the Group continuously keeps on tight control of its operations. The Group focused on enhancing operation efficiency and implementing various cost control measures. The Group also managed to further enhance its long term and close business relationships with suppliers and customers. The Group continues to monitor the market trends and takes prompt and appropriate actions to adjust our business strategies and allocates resources effectively under different market conditions.

(ii) *Financial services business*

The financial services business that the Group operates mainly includes (i) financial services business comprising corporate finance advisory business and securities brokerage business; and (ii) money lending business.

Financial services business

Financial services business includes corporate finance advisory business and securities brokerage business. The Group engages in corporate finance advisory business through its wholly owned subsidiary Huabang Corporate Finance Limited and engaged in securities brokerage business through its wholly owned subsidiary Huabang Securities Limited. The business of the Huabang Securities Limited have a synergistic effect with the business of Huabang Corporate Finance Limited. The Group will be able to offer a one-stop shop solution to its corporate clients which provides securities brokerage services, underwriter and bookrunner services and advisory services to meet customers' fund-raising needs and capital market services needs. During the year under review, the global economic and financial market continued to fluctuate and the China's economic slowdown which brought uncertainties to the overall business environment. For the year ended 31 March 2019, the Group recorded a revenue of approximately HK$29.7 million and an operating loss of approximately HK$21.5 million in the business segment of financial services business.

Money lending business

The Group engaged in money lending business through an indirect wholly-owned subsidiary of the Company, which holds a money lender licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. The Group is able to engage in the provision of loan financing including but not limited to personal loans and business loans under the scope of Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong. Due to the overall uncertain financial and economic market and the highly competitive business environment, the Group recorded a decrease in total revenue of this business segment from approximately HK$10.7 million in last year to approximately HK$4.9 million for the year. The Group continued to make efforts to develop the money lending business. Even though the market competition of the money lending industry in Hong Kong is increasing and also the uncertain external business environment, the loan demand in Hong Kong remains robust during recent years. The Group continued to make efforts to develop the money lending business and the Group believes that the money lending business will have a promising prospect.

LOOKING AHEAD

Looking ahead, the management are confident with the future development of the Group. The Group will continue to adhere to our principle of steady development, and positively cope with any challenges and capture suitable opportunities. The Group will continue to dedicate to exploiting new business opportunities in other sectors from time to time, such as other financial services sectors, insurance sectors or other business sectors, in order to further diversify and broaden revenue sources of the Group and generate fabulous returns and long-term values for the Shareholders.

FINANCIAL REVIEW

Revenue and Gross Profit Margin

During the year under review, the Group has classified its operations into three business segments, being

(a) computer and peripheral products business;

(b) Financial services business (including corporate finance advisory business and securities brokerage business); and

(c) money lending business.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by business segments for the Group's revenue for the year ended 31 March 2019 is as follows:

- Computer and peripheral products business: approximately HK$810.0 million, being an increase of approximately HK$161.7 million when compared to the previous year of approximately HK$648.3 million

- Financial services business (including corporate finance advisory business and securities brokerage business): approximately HK$29.7 million, being an increase of approximately HK$5.2 million when compared to the previous year of approximately HK$24.5 million

- Money lending business: approximately HK$4.9 million, being a decrease of approximately HK$5.8 million when compared to the previous year of approximately HK$10.7 million

The Group's total revenue for the year was approximately HK$844.6 million, being an increase of approximately HK$161.2 million when compared to the previous year of approximately HK$683.4 million. The increase was mainly attributable to increase in revenue derived from computer and peripheral products business and financial services business, which was partially offset by the revenue contribution from money lending business.

Gross profit margin for the year was approximately 6.7% (2018: approximately 8.2%). Decrease in gross profit margin was mainly caused by the relatively lower gross profit margin earned from computer and peripheral products for the year.

Selling Expenses

The decrease in selling expenses by approximately HK$0.2 million was mainly due to the decrease in employee benefit expenses contributed by the results of enhancement of organisational structure.

General and Administrative Expenses

General and administrative expenses for the year increased by approximately HK$13.7 million from the last year, which was mainly due to the increase in depreciation of property, plant and equipment of approximately HK$8.6 million and impairment of goodwill of approximately HK$4.6 million.

Expected Credit Loss on Financial Assets

The Group has adopted HKFRS 9 to replace HKAS 39 for annual periods beginning on or after 1 April 2018. Adoption of HKFRS 9 resulted in charge of expected credit loss on financial assets of approximately HK$37.6 million for the year ended 31 March 2019.

Other Gains/(Losses)

The Group's other gains for the year was approximately HK$2.8 million, being an increase of approximately HK$3.0 million when compared to the other losses in previous year of approximately HK$0.2 million. The increase was mainly due to the increase in bank interest income, handling fee income and other income, which was partially offset by unrealised loss on the change in fair value of equity investments during the year.

Finance Costs

Finance costs for the year was approximately HK$3.6 million, being an increase of approximately HK$3.1 million when compared to the previous year of approximately HK$0.5 million. The increase was mainly attributable to more bank interest expenses being incurred due to the increase in bank borrowings during the year.

Income Tax Credit/(Expense)

Income tax credit for the year was approximately HK$2.9 million (2018: income tax expense of approximately HK$4.0 million), the change was mainly due to the increase in deferred income tax assets and decrease in the assessable profits for the year.

(Loss)/Profit for the Year Attributable to Equity Holders of the Company

The loss for the year attributed to equity holders of the Company amounted to approximately HK$34.7 million (2018: profit attributable to equity holders of the Company of approximately HK$9.2 million), resulted in a basic loss per share for the year of HK0.81 cent (2018: basic earnings per share HK0.24 cent) and diluted loss per share for the year of HK0.81 cent (2018: diluted earnings per share HK0.24 cent).

Inventories, Loan Receivables and Account Receivables

The Group has enhanced the inventory control policy to manage business risks associated with its principal activities. Inventories as at 31 March 2019 was Nil (31 March 2018: approximately HK$1.9 million). The overall inventories turnover days remained fairly stable for the year under review.

As at 31 March 2019, the Group's loan receivables amounted to HK$15.2 million, which arise from its money lending business in Hong Kong, are all repayable within one year from the dates of inception of the loan agreements and an impairment allowance of approximately HK$6.8 million was provided for the year ended 31 March 2019.

The Group continues to closely monitor the settlements from its customers on a going basis to manage the credit risk from time to time. The Group's account receivables increased by approximately HK$18.4 million, from approximately HK$174.6 million as at 31 March 2018 to approximately HK$193.0 million as at 31 March 2019. The Group recorded an expected credit loss on trade receivables and cash client receivables of approximately HK$0.1 million and HK$30.2 million respectively for the year ended 31 March 2019.

Liquidity, Financial Resources and Treasury Policy

The Group maintained a solid financial position during the year. As at 31 March 2019, cash and cash equivalents of the Group amounted to approximately HK$201.7 million (31 March 2018: approximately HK$200.3 million), and the Group's net assets amounted to approximately HK$635.3 million (31 March 2018: approximately HK$539.0 million). As at 31 March 2019, there was approximately HK$156.5 million outstanding bank borrowings balance (31 March 2018: approximately HK$36.1 million). The Group's liquidity position remained well-managed during the year.

As at 31 March 2019, the Group was at a healthy financial position as there were sufficient cash and cash equivalents which was higher than the bank borrowings (that is net cash position), with a healthy current ratio of approximately 2.4 (calculated by dividing the total current assets by total current liabilities).

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

The Group's financial resources are at a strong and healthy position and are sufficient to support its business operations.

Capital Structure and Fund Raising Activities

The capital of the Company comprises only ordinary shares.

On 31 July 2018, the Company completed a placing of 300,510,000 ordinary shares, of nominal value of approximately HK$250,000 in the capital of the Company at a price of HK$0.50 per placing share to not less than six independent third parties, with gross proceeds approximately HK$150.3 million. As at 31 March 2019, the proceeds had been fully utilised as intended for general working capital of the Group including payment for procurement of computer and peripheral products, and repayment of bank borrowings.

As at 31 March 2019, the number of ordinary shares of the Company in issue and fully paid was 4,384,782,000.

Capital Commitments

Other than disclosed in Note 34(b) to the consolidated financial statements in this report, the Group had no other capital commitments as at 31 March 2019.

Pledge of Assets

As at 31 March 2019, the Group has pledged the properties with carrying values of approximately HK$273.2 million (31 March 2018: approximately HK$42.5 million) to secure general banking facilities granted to the Group.

Foreign Currency Exposure

The Group exposes to certain foreign currency risk primarily with respect to Renminbi ("RMB") and United States dollar ("US$") as most of the transactions are denominated in Hong Kong dollar ("HK$"), RMB and US$. The Group is exposed to foreign exchange risk primarily through expenses transactions that are denominated in currencies other than the functional currencies of the group companies. During the year, the Group generated a foreign exchange gain of approximately HK$0.1 million (2018: approximately HK$0.1 million). The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level. During the year, the Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant. The Group will continue to manage the net exposure of foreign exchange risk to keep at an acceptable level from time to time.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2019 and 2018.

Employees and Emolument Policy

As at 31 March 2019, the Group had a total of 36 employees. Employee benefit expenses and share option expenses, including Directors' remuneration for the year ended 31 March 2019, totally amounted to approximately HK$21.2 million (2018: approximately HK$21.3 million). The Group's remuneration policy is based on position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme and a share award scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Group has also adopted other employee benefit including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2019.

Events after the reporting period

On 17 April 2019, Huabang Finance Limited ("Huabang Finance"), an indirect wholly-owned subsidiary of the Company, entered into two loan agreements with two independent third parties, pursuant to which Huabang Finance has agreed to grant the loans to the borrowers respectively for a term of 12 months. Reference is made to the announcement of the Company dated 17 April 2019.

On 30 May 2019, Huabang Finance entered into a loan agreement with an independent third party, pursuant to which Huabang Finance has agreed to grant the loan to the borrower for a term of 12 months. Reference is made to the announcement of the Company dated 30 May 2019.

USE OF PROCEEDS

On 9 September 2013 (the "Listing Date"), the Company completed the placing of 69,000,000 shares of par value of HK$0.01 each at an issue price of HK$0.90 per share. The net proceeds from the placing were approximately HK$36.0 million. The actual use of proceeds up to 31 March 2018 had been disclosed in the Annual Report 2018 and the revised schedule of the plan for the use of proceeds had been disclosed in the Annual Report 2016 of the Company. As at 31 March 2019, net proceeds of HK$14.8 million had been applied.

During the Current Year, the net proceeds had been applied as follows:

	Intended use of proceeds for the year ended 31 March 2019 HK$'000	Actual use of proceeds for the year ended 31 March 2019 HK$'000
Increase market share	5,180	5,014
Strengthen R&D and design capability	1,020	502
Enhance quality control and improve production capability	2,011	1,559
Total:	8,211	7,075

The Directors will constantly evaluate the Group's business plan and may change or modify plans against the changing market condition to attain sustainable business growth of the Group. All the unutilised balances have been placed in licensed banks in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. George LU, aged 56, our founder and Chairman of the Group. Mr. Lu has been the Chief Executive Officer ("CEO") of the Group since 2 June 2016. Mr. Lu is also a member of Nomination Committee and Remuneration Committee of the Company. Mr. Lu is responsible for the overall management, operations and strategic development of the Group's business and has over sixteen years of experience in the computer and peripheral products industry. Mr. Lu is the spouse of Ms. Shen Wei, a Controlling Shareholder of the Company. Mr. Lu is also the elder brother of Ms. Lu Qinzhen, a senior management of our Group. Mr. Lu was the CEO, an executive director and the chairman of the board of directors of Qianhai Health Holdings Limited (stock code: 911), a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") from May 2016 to May 2019.

Mr. LAM Allan Loc, aged 57, has been re-designated from a Non-Executive Director to an Executive Director of the Company with effect from 12 April 2019. Mr. Lam was re-designated from an independent Non-Executive Director to an Non-Executive Director and was appointed as Vice Chairman of the Company on 1 November 2018. Mr. Lam was an independent Non-Executive Director of the Company from January 2017 to October 2018. Mr. Lam is a member of the Corporate Governance Committee of the Company. Mr. Lam was previously the appointed deputy general manager of An Bang Life Insurance Group based in Beijing from 2017 to 2018. Prior to that, Mr. Lam served as the country president of Chubb Life Insurance Company (Hong Kong) Limited from 2014 to 2016. Mr. Lam past positions included serving as the china country manager and senior vice president for Business Development (SEA) of BNP Paribas Cardif, based in Shanghai from 2011 to 2014. Mr. Lam worked as the chief marketing officer of the regional corporate solutions division for American International Assurance (AIA) Group based in Hong Kong (stock code: 1299), a company listed on the Main Board of the Stock Exchange, from 2006 to 2011 and was the chief executive officer of AXA-Minmetals Life Assurance Company Limited based in Shanghai from 2003 to 2006. Mr. Lam was the business development director of Prudential Corporation Asia based in Hong Kong from 2000 to 2003. Mr. Lam has over 20 years of working experience in corporate management and business development. Mr. Lam was awarded a Master of Business Administration degree from the University of Ottawa in 1996 and a diploma in electronics engineering technology from the Humber College of Applied Arts and Technology in 1986 in Toronto, Ontario, Canada.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. PANG Chung Fai Benny, aged 46, has been re-designated from an Executive Director to a Non-Executive Director and ceased to be the Vice Chairman of the Company with effect from 12 April 2018. Mr. Pang was re-designated from an independent Non-Executive Director to an Executive Director and was appointed as Vice Chairman of the Company from 26 January 2017 to 12 April 2018. He was an independent Non-Executive Director of the Company from June 2012 to January 2017. Mr. Pang is currently the managing partner of Benny Pang & Co. Between 2012 to January 2017, Mr. Pang was the managing partner of Loeb & Loeb LLP (formerly known as Pang & Co. in association with Loeb & Loeb LLP), a firm of solicitors in Hong Kong. Between 1997 and 2012, Mr. Pang practised as a lawyer with several international law firms in Hong Kong and Sydney. Mr. Pang received his bachelor's degree in laws (honors) from Bond University, Australia, in 1996. In 1997, Mr. Pang obtained his Graduate Diploma in Legal Practice and master's degree in laws from The College of Law, Sydney and the University of New South Wales, Australia, respectively. He has been admitted as a legal practitioner of the Supreme Court of New South Wales, Australia since 1997 and as a solicitor of the High Court of Hong Kong since 2009. He is a member of both the Law Society of New South Wales, Australia and the Law Society of Hong Kong. Mr. Pang is currently the independent non-executive director of Sanbase Corporation Limited (stock code: 8501), a company listed on the Growth Enterprise Market of the Stock Exchange ("GEM"). Mr. Pang is also currently the independent non-executive director of Yuanda China Holdings Limited (stock code: 2789), a company listed on the Main Board of the Stock Exchange. Mr. Pang was appointed as an independent non-executive director of China Regenerative Medicine International Limited (stock code: 8158), a company listed on GEM, from 20 September 2012 to 1 June 2018.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LOO Hong Shing Vincent, aged 53, was appointed as an independent Non-Executive Director in June 2012. Mr. Loo is the chairman of the Remuneration Committee, the Audit Committee and the Nomination Committee of the Company. Mr. Loo has over 31 years of experience in the accounting, auditing, corporate finance and business advisory areas. Prior to joining the Group, Mr. Loo has over 17 years of auditing experience with PricewaterhouseCoopers in Hong Kong. Mr. Loo is currently the vice president, chief financial officer and company secretary of Cosmo Lady (China) Holdings Company Limited (stock code: 2298) since December 2016, a company listed on the Main Board of the Stock Exchange. Before joining Cosmo Lady (China) Holdings Company Limited, Mr. Loo was an executive director, chief financial officer and company secretary of Hengan International Group Company Limited (stock code: 1044), a company listed on the Main Board of the Stock Exchange. Mr. Loo graduated from the Hong Kong Polytechnic University with a Professional Diploma in Accountancy in 1988 and has been a member of the Hong Kong Institute of Certified Public Accountants since 1992 and a fellow member of the Association of Chartered Certified Accountants since 1996.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHU Shouzhong, aged 62, was appointed as an independent Non-Executive Director of the Company on 2 October 2018. Mr. Zhu is a member of the Audit Committee of the Company. Mr. Zhu has over 30 years of substantial operation and management experience in the insurance industry. In 1978, Mr. Zhu joined the Lanxi Branch of the People's Bank of China. Mr. Zhu joined The People's Insurance Company of China ("PICC") in 1984. From 1984 to 2003, Mr. Zhu successively served as the deputy manager and manager of PICC Lanxi Branch, the deputy manager and manager of the Property and Casualty Division of PICC Zhejiang Provincial Branch, the general manager and party committee secretary of PICC Jiaxing Branch, and the deputy general manager and party committee member of PICC Zhejiang Provincial Branch. From 2004 to 2010, Mr. Zhu successively served as the general manger and party committee secretary in Zhejiang Provincial Branch and Shanghai Branch of PICC Property and Casualty Company Limited (stock code: 2328), a company listed on the Main Board of the Stock Exchange, and he was also the vice chairman of Shanghai Insurance Association. In 2010, Mr. Zhu joined China Export & Insurance Corporation, Shanghai Branch as the general manager and party committee secretary and he retired in 2017. Mr. Zhu was awarded "Shanghai Labour Day Medal for Finance Industry" in 2016 by Shanghai Committee of Chinese Financial Workers' Union. Mr. Zhu is a master postgraduate and a senior economist. He graduated from Zhejiang University majored in finance and obtained a master's degree in business administration from Southern Cross University of Australia.

Mr. LI Huaqiang, aged 61, was appointed as an independent Non-Executive Director of the Company on 1 November 2018. Mr. Li is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Li has served as a non-executive director of China Everbright Bank Company Limited (stock code: 6818), a company listed on the Main Board of the Stock Exchange, between September 2016 to June 2018. Mr. Li worked at Central Huijin Investment Limited ("CHI"), a stateowned investment company established in accordance with the PRC Company Law, and served as director of China Everbright Group Limited. Mr. Li served successively as an engineer of Zhuzhou Smelter Factory of China National Nonferrous Metals Industry Corporation, deputy secretary of the Communist Youth League Committee of the Main Plant, deputy director of the Second Plant and general manager of the joint venture in Shenzhen; assistant general manager and department director of Shenzhen Science and Industry Park Corporation Joint Venture Shenzhen (Moscow); deputy general manager of the Investment Banking Department of Guosen Securities Company Limited; chairman of the board of directors, secretary of CPC Committee and president of Founder Securities Limited; vice president of Huaxi Securities Company Limited and president and deputy CPC committee secretary of China Lion Securities Company Limited; designated director of CHI (serving at China Investment Securities Company Limited); vice chairman of the board of directors of China Securities Co., Ltd.; chief head of the First Division of Equity Management of Securities Institutions of Securities Institution Management Department/Insurance Institution Management Department of CHI. Mr. Li holds a Master's degree of EMBA from Peking University. He also obtained an external degree of DBA in Finance from California American University.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. WONG Kwok Ming, aged 42, was appointed as the Chief Financial Officer of the Group on 14 March 2016 and the Company Secretary of the Company on 1 April 2016. Mr. Wong is the chairman of the Corporate Governance Committee of the Company. Mr. Wong is responsible for overall financial management and risk management of the Group as well as the overall company secretarial matters of the Company. Mr. Wong has over 20 years of experience in the areas of auditing, accounting, taxation, capital markets, business advisory and corporate finance covering various industry sectors. Mr. Wong has worked at PricewaterhouseCoopers Hong Kong for over 10 years in audit and assurance department with his last position as senior manager and he worked at a well-established and sizable manufacturing company as the chief financial officer after he left PricewaterhouseCoopers. Mr. Wong possesses a Master Degree in Accounting from Curtin University of Technology. Mr. Wong is a Practicing Certified Public Accountant in Hong Kong. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of The Society Chinese Accountants & Auditors. Mr. Wong was an executive director of Qianhai Health Holdings Limited (stock code: 911), a company listed on the Main Board of the Stock Exchange from May 2016 to May 2019.

Mr. SAM Edison Ho Yin, aged 43, is the Managing Director of the Group responsible for insurance business development. He was the chief information officer of Chubb Life Insurance Company Limited ("Chubb Life") in Hong Kong from 2009 to 2019 overseeing the digital transformation functions, information technology functions, administration functions and project management office of the company. Mr. Sam has more than 20 years of experience in financial services. Prior to his appointment at Chubb Life, he was the head of application services for Sun Life Hong Kong Limited and regional project manager for ING Asia/Pacific Limited. Mr. Sam was awarded a Master of Business Administration degree from the University of South Australia in 2006.

Ms. LU Qinzhen, aged 49, is the finance manager and a director of Bodatong Technology (Shenzhen) Company Limited ("Bodatong") and the finance manager of Hangzhou Jing Xin Xin Xi Technology Company Limited ("Jing Xin"), both are wholly owned subsidiaries of the Group. Ms. Lu joined Bodatong and Jing Xin in May 2007 and October 2018 respectively. Ms. Lu is responsible for accounting and financial management of Bodatong and Jing Xin. Ms. Lu graduated from Suzhou Zhonghua Correspondence School of Accounting (蘇州市中華會計函授學校) in 2003, majoring in accounting (long distances course). Ms. Lu is also a member of the Corporate Governance Committee. Ms. Lu is the younger sister of Mr. George Lu and sister-in-law of Ms. Shen Wei, spouse of Mr. George Lu and the controlling shareholder of the Company.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

PRINCIPAL SUBSIDIARIES AND INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

Details of the principal subsidiaries and investment accounted for using equity method as at 31 March 2019 are set out in Notes 8 and 9 to the consolidated financial statements respectively.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future development are provided in the Chairman's Statement and the Management Discussion and Analysis on pages 5 to 6 and pages 7 to 13 respectively of this annual report. This discussion forms part of this directors' report. In addition, a summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 57 and 58 of this annual report.

Interim dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2018 (for the six months ended 30 September 2017: nil).

Final dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in Note 6 to the consolidated financial statements.

DONATIONS

No charitable donation was made by the Group during the year (2018: nil).

BORROWINGS

Details of the Group's borrowings as at 31 March 2019 are set out in Note 22 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 16 to the consolidated financial statements.

Details of the shares issued in the year ended 31 March 2019 are set out in Note 16 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Articles of Association or the relevant law of the Cayman Islands, being the jurisdiction in which the Company was incorporated which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

RESERVES

Details of the movements in the reserves of the Company and the Group during year are set out in Notes 37(a) to the consolidated financial statements and the consolidated statement of changes in equity on pages 59 and 60, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company's reserves available for distribution to equity holders, comprising the share premium, contributed surplus, employee share-based compensation reserve, and net of shares held for share award scheme and accumulated losses, amounted to approximately HK$596.3 million.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of HK$494.8 million may be applied for paying distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

DIVIDEND POLICY

The Company has a dividend policy. Under the dividend policy, the company may declare dividends in any currency to the shareholders but no dividends shall exceed the amount recommended by the Board of Directors of the Company subject to the Companies Law of the Cayman Islands (as amended from time to time) (the "Companies Law") and the memorandum and articles of association of the Company (the "Articles"). In accordance with the applicable requirements of the Company Law and the Articles, no dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution including share premium.

In accordance with the applicable requirements of the Companies Law and the Articles, the Board may:

(a) from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the profits of the Company;

(b) pay half-yearly or at other intervals to be selected by the Board any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits available for distribution justify the payment; and

(c) from time to time declare and pay special dividends on shares of any class of such amounts and on such dates as it thinks fit.

The declaration of dividends is subject to the discretion of the Board, which will take into account, inter alia, the following factors when considering the payment or declaration of dividends:

(a) the Group's actual and expected financial performance and conditions and liquidity position;

(b) the shareholder's interests;

(c) the retained earnings and distributable reserves of the Company and each of the members of the Group;

(d) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(e) the Group's expected working capital requirements and future expansion plans;

(f) statutory and regulatory restrictions;

(g) general economic conditions and other internal or external factors that may have any impact on the business or financial performance and position of the Company; and

(h) any other factors that the Board deems appropriate.

The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continue to review the dividend policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the dividend policy from time to time, and the dividend policy shall in no way constitute an assurance or a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend in any particular amount for any given period.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the largest one and five largest customers accounted for approximately 81.0% and approximately 95.9% respectively of the total sales for the year. Purchases from the largest one and five largest suppliers accounted for approximately 38.9% and 96.8% respectively of the total purchases for the year.

None of the Directors, or any of their close associates or any shareholder (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the major suppliers or customers noted above.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are aware that the Group is exposed to various risks, including some which are specific to the Group or the industries in which the Group operates. The directors managed that significant risks which may adversely affect the Group's performance and ability to deliver on its strategies, as well as those which may present positive opportunities, are identified, reported, monitored, and managed on a continuous basis. The financial risk management policies and practices of the Group are shown in Note 3 to the consolidated financial statements.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the directors and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers and customers to meet its immediate and long-term goals. Regular and continuous communication with our suppliers, customers and other stakeholders are carried out through regular meetings, conferences, and promotional events.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintain high environmental and social standards to ensure sustainable development of its business. The Group has complied with the relevant laws and regulations in relation to its business including safety workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. The Group has encouraged employees and other stakeholders to participate in environmental and social activities which benefit the community as a whole. The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development. Our commitment to protect the environment is also well reflected by our continuous efforts in promoting green awareness in our daily business operations. The Group encourages environmental protection and promote awareness towards environmental protection to the employees. The Group encourages the principle of recycling and reducing and put efforts to implement green office practices. Detail of the Group's environmental, social and governance practices are set out in the "Environmental, Social and Governance Report" section in this annual report.

REPORT OF THE DIRECTORS

BOARD OF DIRECTORS

The Directors who were in office during the year and up to the date of this report are as follows:

Executive Directors

Mr. George Lu *(Chief Executive Officer and Chairman)*
Mr. Lam Allan Loc *(Vice Chairman) (re-designated from independent Non-Executive Director to Non-Executive Director and appointed as Vice Chairman on 1 November 2018; re-designated to Executive Director on 12 April 2019)*
Ms. Lau Wing Sze *(resigned on 12 April 2019)*

Non-Executive Directors

Mr. Pang Chung Fai Benny *(re-designated from Executive Director to Non-Executive Director and ceased to be Vice Chairman on 12 April 2018)*
Mr. Lau Wan Po *(re-designated from Executive Director to Non-Executive Director and ceased to be Vice Chairman on 29 June 2018; resigned as Non-Executive Director on 8 October 2018)*
Mr. Yeung Wai Fai Andrew *(appointed on 29 June 2018 and resigned on 2 January 2019)*

Independent Non-Executive Directors

Mr. Loo Hong Shing Vincent
Mr. Zhu Shouzhong *(appointed on 2 October 2018)*
Mr. Li Huaqiang *(appointed on 1 November 2018)*
Mr. Shin Yick Fabian *(resigned on 2 October 2018)*

In accordance with Articles 16.18 of the Articles of Association, Loo Hong Shing Vincent and Pang Chung Fai Benny will retire from office by rotation and being eligible, have offered themselves for re-election at the forthcoming Annual General Meeting ("AGM").

In accordance with Articles 16.2 of the Articles of Association, Lam Allan Loc, Zhu Shouzhong and Li Huaqiang will hold office until the forthcoming AGM and will be eligible for the re-election at that meeting.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent Non-Executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of them to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of the Directors and senior management of the Group are set out on pages 14 to 17 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments are set out in Notes 38 and 25 to the consolidated financial statements respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and 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 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital (Note 4)
Mr. George Lu	Interest of controlled corporation (Note 1)	2,396,064,000	54.64
	Beneficial owner (Note 1)	174,133,333	3.97
Ms. Lau Wing Sze	Interest of controlled corporation (Note 2)	4,320,000	0.10
	Beneficial owner (Note 2)	61,536,000	1.40
Mr. Loo Hong Shing Vincent	Beneficial owner (Note 3)	1,500,000	0.03
Mr. Pang Chung Fai Benny	Beneficial owner (Note 3)	1,500,000	0.03

(1) There are 2,396,064,000 shares were registered in the name of Forever Star Capital Limited ("Forever Star"). Each of Mr. George Lu and Ms. Shen Wei, husband and wife, holds 50% interest in Forever Star, a company incorporated in the British Virgin Islands, respectively. Therefore, both of them are deemed to be interested in all the shares which are beneficially owned by Forever Star. Mr. George Lu is the beneficial owner of total 174,133,333 shares. Among these 174,133,333 shares, 28,333,333 shares related to share options granted by the Company to Mr. George Lu.

(2) The 4,320,000 shares were registered in the name of Nice Rate Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is held by Ms. Lau Wing Sze. Ms. Lau Wing Sze is also the beneficial owner of total 61,536,000 shares. Among these 61,536,000 shares, 42,600,000 shares are related to share options granted by the Company to Ms. Lau Wing Sze.

(3) These interests are underlying shares of the Company in respect of share options granted by the Company to each of Mr. Loo Hong Shing Vincent and Mr. Pang Chung Fai Benny.

(4) The percentage holding is calculated based on the issued share capital of the Company as at 31 March 2019 comprising 4,384,782,000 shares.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following interest of which would fall to be disclosed under Division 2 and 3 of part XV of the SFO, or the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the shares and the underlying shares as recorded in the register kept under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Forever Star Capital Limited	Beneficial owner	2,396,064,000	54.64
Ms. Shen Wei	Interest of spouse (Note 1)	174,133,333	3.97
	Interest in controlled corporation (Note 2)	2,396,064,000	54.64
China Goldjoy Securities Limited	Custodian interest (Note 3)	346,912,000	7.91
Newpont Holdings Limited	Beneficial owner	231,000,000	5.27

Notes:

(1) Ms. Shen Wei is the spouse of Mr. George Lu, an Executive Director and the Chairman and Chief Executive Officer of the Company, and is therefore deemed to be interested in the 145,800,000 Shares held by Mr. George Lu who is the beneficial owner and also 28,333,333 underlying Shares held by Mr. George Lu in respect of his interests in share options of the Company, by virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO.

(2) Ms. Shen Wei owns 50% of Forever Star and is therefore deemed to be interested in the 2,396,064,000 Shares held by Forever Star by virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO.

(3) According to the information available to the Company, China Goldjoy Securities Limited is a custodian of a total 346,912,000 Shares.

Save as disclosed above, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

On 21 August 2013 ("the date of adoption"), the Company conditionally approved a share option scheme (the "Share Option Scheme") and refreshed on 24 February 2017, under which options will be granted to eligible persons to subscribe for shares of the Company at subscription price which should not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a trading day ("Offer Date"); (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Company's shares, provided that for the purpose of calculating the subscription price, where the Company has been listed for less than five trading days, the issue price shall be used as the closing price for any business day falling within the period before listing.

Pursuant to the Share Option Scheme, the participants of the scheme are, inter alia, executive, shareholder of any member of the Group, supplier, customer, consultant, business or joint venture partners, franchisee, contractor, agent, representative or service providers of any member of the Group, as may be determined by the Directors at their absolute discretion. Upon acceptance of the share option, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The maximum number of Shares issued and to be issued upon exercise of the options granted to any eligible person (including exercised and outstanding share options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time. An option may be exercised at any time during the period commencing immediately after the business day on which the share option is deemed to be granted in accordance with the Share Option Scheme but shall not exceed 10 years from the date of adoption. The Board may, at its absolute discretion, fix any minimum period for which a share option must be held. The Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 21 August 2013.

On 21 December 2016, the Group announced the granting of a total of 288,000,000 share options to selected employees and Directors under the Share Option Scheme. The exercise price of the granted options is HK$0.55 per share. 1,932,000 and 56,666,667 share options were exercised and forfeited during the year ended 31 March 2018 respectively. Reference is made to the announcement of the Company dated 29 June 2018, the Group conditionally granted 85,000,000 share options to a non-executive Director of the Company under the Share Option Scheme which the grant was subject to acceptance of the grantee and approval by the shareholders in general meeting. Those 85,000,000 share options have not been granted subsequently as the conditions were not being fulfilled. Accordingly, no share options were granted during the year ended 31 March 2019. No share options were exercised by the employees during the year ended 31 March 2019. The number of share options forfeited were 101,500,000 during the year ended 31 March 2019. Details of accounting policies adopted for the share options are described in Note 2.28 and Note 17(a) to the consolidated financial statements. The total number of Shares available for issue under the Share Option Scheme is 385,656,000 representing approximately 8.80% of the total number of Shares as at the date of this annual report.

As at 31 March 2019, options to subscribe for an aggregate of 127,901,333 shares granted to the Directors and employees pursuant to the Scheme remained outstanding, details of which are as follows:

Type of participants	Date of grant	Exercisable period	Exercise price	Outstanding as at 1 April 2018	Granted during the year	Exercise during the year	Lapsed/ forfeited during the year	Outstanding as at 31 March 2019
Directors								
Mr. George Lu	24 February 2017	24 February 2017 to 20 December 2019	HK$0.55	28,333,333	–	–	–	28,333,333
Mr. Lau Wan Po*	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	33,333,333	–	–	(33,333,333)	–
		21 December 2017 to 20 December 2019	HK$0.55	33,333,333	–	–	(33,333,333)	–
		21 December 2018 to 20 December 2019	HK$0.55	33,333,334	–	–	(33,333,334)	–
Ms. Lau Wing Sze*	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	14,200,000	–	–	–	14,200,000
		21 December 2017 to 20 December 2019	HK$0.55	14,200,000	–	–	–	14,200,000
		21 December 2018 to 20 December 2019	HK$0.55	14,200,000	–	–	–	14,200,000
Mr. Pang Chung Fai Benny	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	500,000	–	–	–	500,000
		21 December 2017 to 20 December 2019	HK$0.55	500,000	–	–	–	500,000
		21 December 2018 to 20 December 2019	HK$0.55	500,000	–	–	–	500,000
Mr. Loo Hong Shing Vincent	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	500,000	–	–	–	500,000
		21 December 2017 to 20 December 2019	HK$0.55	500,000	–	–	–	500,000
		21 December 2018 to 20 December 2019	HK$0.55	500,000	–	–	–	500,000
Mr. Shin Yick Fabian*	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	500,000	–	–	(500,000)	–
		21 December 2017 to 20 December 2019	HK$0.55	500,000	–	–	(500,000)	–
		21 December 2018 to 20 December 2019	HK$0.55	500,000	–	–	(500,000)	–
Employees	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	16,701,333	–	–	–	16,701,333
		21 December 2017 to 20 December 2019	HK$0.55	18,633,333	–	–	–	18,633,333
		21 December 2018 to 20 December 2019	HK$0.55	18,633,334	–	–	–	18,633,334
				229,401,333	–	–	(101,500,000)	127,901,333

* Mr. Lau Wan Po has resigned as Non-Executive Director, Ms. Lau Wing Sze has resigned as Executive Director and Mr. Shin Yick Fabian has resigned as independent Non-Executive Director of the Company with effect from 8 October 2018, 12 April 2019 and 2 October 2018, respectively.

Movements in the number of outstanding share options and their related average exercise prices are as follows:

	2019		2018	
	Average exercise price in HK$ per share option	**Number of share options (thousands)**	Average exercise price in HK$ per share option	Number of share options (thousands)
1 April	**0.55**	**229,401**	0.55	288,000
Forfeited during the year	**0.55**	**(101,500)**	0.55	(56,667)
Exercised during the year	**–**	**–**	0.55	(1,932)
31 March		**127,901**		229,401

Share options outstanding as at 31 March 2019 have the following expiry dates and exercise prices:

Expiry date	**Exercise price in HK$ per share option**	**Number of share options (thousands) 2019**	2018
20 December 2019	**0.55**	**127,901**	229,401

As at 31 March 2019, 127,901,333 share options were vested (2018: 163,666,665). Share-based payments of HK$38,000 (2018: HK$118,000) and HK$(1,202,000) (2018: HK$8,679,000) were included in selling expenses and general and administrative expenses in the consolidated income statement respectively.

SHARE AWARD SCHEME

On 14 March 2019, the Company adopted the share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (including executive directors), consultants or advisers of or to the Group and non-executive directors (including independent non-executive directors) of the Group (the "Selected Person(s)") pursuant to the terms of the Share Award Scheme and trust deed of the Share Award Scheme (the "Trust Deed"). The share award scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 13 March 2029. The Share Award Scheme is subject to the administration of the Board of Directors and the trustee of the Share Award Scheme (the "Trustee") in accordance with the Share Award Scheme and the Trust Deed.

The Board of Directors shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board of Directors under the Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Person under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The Board of Directors may contribute funds to the trust constituted by the Trust Deed (the "Trust") for the purchase or subscription of shares of the Company and other purposes set out in the Share Award Scheme and the Trust Deed. The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed. The Board of Directors may instruct the Trustee to purchase shares of the Company on the Stock Exchange and to hold them in trust for the benefit of the persons who are eligible for the Awarded Shares on and subject to the terms and conditions of the Share Award Scheme and the Trust Deed (the "Eligible Persons"). The Trustee shall not exercise the voting rights in respect of any shares, including but not limited to the Awarded Shares, any bonus shares and scrip shares derived therefrom, held by it under the Trust.

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective Awarded Shares held by the Trustee on behalf of a Selected Person pursuant to the provision of the Share Award Scheme shall vest in such Selected Person in accordance with the vesting schedule (if any) and the Trustee shall cause the Awarded Shares to be transferred to such Selected Person on the vesting date at no consideration.

During the year ended 31 March 2019, the trustee acquired 1,260,000 ordinary shares of the Company for the Share Award Scheme through purchases in the open market, at a total cost, including related transaction costs of approximately HK$495,000.

During the year ended 31 March 2019, no Awarded Shares were granted to any Eligible Persons of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year ended 31 March 2019.

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2019, none of the Directors, controlling shareholders of the Company or any of their respective associates (as defined under the Listing Rules) is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests, which is required to be disclosed under the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2019.

DEED OF NON-COMPETITION

Each of Forever Star, Mr. George Lu, Ms. Shen Wei and Ms. Lau Wing Sze (together as the "Controlling Shareholders") had entered into a deed of non-competition dated 21 August 2013 (the "Deed of Non-Competition") in favour of the Company (for itself and on behalf of all members of the Group), pursuant to which, each of the Controlling Shareholders would not, and would use his/its best endeavours to procure his/its associates (except any members of our Group) not to directly or indirectly carry on, engage, participate or hold any right or interest in or render any services to or otherwise be interested and/or involved (in each case whether as shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which may be in competition with the business carried on by the Group from time to time, except where the Company's approval is obtained.

Details of the Deed of Non-Competition are set out in the section headed "Relationship with our Controlling Shareholders – Non-Competition Undertakings" of the Prospectus.

The Company confirms that each of the Controlling Shareholders have complied with the Deed of Non-Competition throughout the year ended 31 March 2019. In order to ensure the Controlling Shareholders have complied with the Deed of Non-Competition, each of the Controlling Shareholders have provided to the Company a written confirmation that (i) in respect of his/its compliance with the Deed of Non-Competition for the year ended 31 March 2019 and no personal interests were ever declared by any Controlling Shareholders who are also Directors at the Directors' meetings; and (ii) stating that they and their respective associates did not directly or indirectly, carry on or hold any right or interests in or render any services to, or is otherwise involved in, any business which may be in competition with the business carried on by the Group from time to time.

The independent Non-Executive Directors of the Company have also reviewed the status of the compliance by each of the Controlling Shareholders with the undertakings in the Deed of Non-Competition and have confirmed that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the undertakings in the Deed of Non-Competition given by them.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of position, duties and performance of the employees.

The emoluments of the Directors are decided by the board of Directors, having regard to the Company's operating results, individual performance and comparable market statistics.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings according to the Model Code as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 March 2019.

CONNECTED TRANSACTIONS

Details of the related party transactions undertaken in the usual course of business are set out in Note 36 to the consolidated financial statements. As these related party transactions constitute fully exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules, none of them constitutes discloseable connected transactions as defined under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirms that the Company has maintained a sufficient public float (i.e. at least 25% of the issued shares were held by the public) throughout the Current Year and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased a total of 5,220,000 ordinary shares of HK$0.0008333 per share through the Stock Exchange at an aggregate consideration of approximately HK$2,195,000 (including transaction costs). The total of 5,220,000 ordinary shares were cancelled during the year ended 31 March 2019. Details of shares repurchased during the year are set out as follows:

Month of repurchases	Number of ordinary shares of HK$0.0008333 each	Price paid per share Highest	Price paid per share Lowest	Aggregate consideration paid (including expenses)
		HK$	HK$	HK$'000
September 2018	1,020,000	0.5200	0.4350	456
October 2018	2,304,000	0.5100	0.3950	1,018
November 2018	600,000	0.4300	0.3900	242
January 2019	1,188,000	0.3800	0.3500	439
February 2019	108,000	0.3800	0.3700	40
	5,220,000			2,195

The Board believes that repurchases of shares are in the best interests of the Company and its shareholders and that such repurchases of shares would lead to an enhancement of the earnings per share of the Company.

During the year ended 31 March 2019, the trustee of the share award scheme adopted by the Company on 14 March 2019, pursuant to the terms of the rules and trust deed of the share award scheme, purchased on the Stock Exchange a total of 1,260,000 ordinary shares of the Company at a total consideration of approximately HK$495,000.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

EVENTS AFTER THE REPORTING PERIOD

On 17 April 2019, Huabang Finance, an indirect wholly-owned subsidiary of the Company, entered into two loan agreements with two independent third parties, pursuant to which Huabang Finance has agreed to grant the loans to the borrowers respectively for a term of 12 months. Reference is made to the announcement of the Company dated 17 April 2019.

On 30 May 2019, Huabang Finance entered into a loan agreement with an independent third party, pursuant to which Huabang Finance has agreed to grant the loan to the borrower for a term of 12 months. Reference is made to the announcement of the Company dated 30 May 2019.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 34 to 42 of this annual report.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 March 2019 and as at 31 March 2019, the Company has purchased liabilities insurance for the Directors and officers, which provides appropriate insurance cover for the Group's directors and officers. A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2019.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2019 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2019 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

AUDITOR

The Company has appointed Ernst & Young as the auditor of the Company with effect from 14 February 2018 to fill the casual vacancy due to the resignation of PricewaterhouseCoopers.

The consolidated financial statements for the year ended 31 March 2019 have been audited by Ernst & Young who retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution to re-appoint Ernst & Young and to authorise the Directors to fix its remuneration will be proposed at the forthcoming AGM.

Save as the above, there has been no other change in auditor of the Company in the proceeding three years.

On behalf of the Board

George Lu
Chairman

Hong Kong, 25 June 2019

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining a good corporate governance standard. The Board believes that a good corporate governance standard will provide a framework for the Group to formulate the business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders and creditors. In this regard, a Corporate Governance Committee of the Board has been established with primary responsibility for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

The Company has adopted the requirements under the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company had complied with the code provisions set out in the CG Code for the year ended 31 March 2019, to the extent applicable and permissible.

Accordingly, the Board is pleased to present the Corporate Governance Report for the Current Year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings according to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors, all the Directors confirmed that they had complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by Directors during the year ended 31 March 2019.

BOARD OF DIRECTORS

The Board currently comprises six Directors, with two Executive Directors, a Non-Executive Director and three independent Non-Executive Directors. The Directors who were in office during the Current Year and up to the date of this report are as follows:

Executive Directors

Mr. George Lu *(Chief Executive Officer and Chairman)*

Mr. Lam Allan Loc *(Vice Chairman) (re-designated from independent Non-Executive Director to Non-Executive Director and appointed as Vice Chairman on 1 November 2018; re-designated to Executive Director on 12 April 2019)*

Ms. Lau Wing Sze *(resigned on 12 April 2019)*

Non-Executive Directors

Mr. Pang Chung Fai Benny *(re-designated from Executive Director to Non-Executive Director and ceased to be Vice Chairman on 12 April 2018)*

Mr. Lau Wan Po *(re-designated from Executive Director to Non-Executive Director and ceased to be Vice Chairman on 29 June 2018; resigned as Non-Executive Director on 8 October 2018)*

Mr. Yeung Wai Fai Andrew *(appointed on 29 June 2018 and resigned on 2 January 2019)*

Independent Non-Executive Directors

Mr. Loo Hong Shing Vincent

Mr. Zhu Shouzhong *(appointed on 2 October 2018)*

Mr. Li Huaqiang *(appointed on 1 November 2018)*

Mr. Shin Yick Fabian *(resigned on 2 October 2018)*

The biographical details of the Directors and relationship between them (if any) are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 14 to 17 of this annual report.

The Articles of Association provide that one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

The Board is responsible for the formulation of the Group's business strategies and overall policies, and monitoring the performance of the management and corporate governance functions. The Executive Directors are delegated with the power to execute the business strategies, develop and implement the policies in the daily operation of the Group. The independent Non-Executive Directors provide their professional advices to the Group whenever necessary.

Composition of the Board, including names of the independent Non-Executive Directors, is disclosed in all corporate communications to shareholders of the Company.

All Directors have full and timely access to all the information and accounts of the Group. The Directors may seek independent professional advice in appropriate circumstances, at the expense of the Company. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company. The Company has arranged appropriate insurance cover for the Directors.

ATTENDANCE OF DIRECTORS AT MEETINGS

The Board held eight Board meetings and one annual general meeting for the year ended 31 March 2019.

The attendances of the Directors at various meetings held during the Current Year are set out below:

	Number of meetings attended/eligible to attend					
	General meetings	**Board meetings**	**Audit Committee meetings**	**Remuneration Committee meetings**	**Nomination Committee meetings**	**Corporate Governance Committee meetings**
Mr. George Lu	1/1	8/8	N/A	1/1	2/2	N/A
Mr. Lam Allan Loc	1/1	8/8	1/1	1/1	1/1	1/1
Ms. Lau Wing Sze *(resigned on 12 April 2019)*	1/1	7/7	N/A	N/A	N/A	1/1
Mr. Pang Chung Fai Benny	1/1	8/8	N/A	N/A	N/A	N/A
Mr. Loo Hong Shing Vincent	1/1	8/8	3/3	2/2	2/2	N/A
Mr. Zhu Shouzhong *(appointed on 2 October 2018)*	N/A	5/5	2/2	N/A	N/A	N/A
Mr. Li Huaqiang *(appointed on 1 November 2018)*	N/A	4/4	2/2	1/1	1/1	N/A
Mr. Lau Wan Po *(resigned on 8 October 2018)*	1/1	4/4	N/A	N/A	N/A	N/A
Mr. Shin Yick Fabian *(resigned on 2 October 2018)*	0/1	2/2	1/1	1/1	N/A	N/A
Mr. Yeung Wai Fai Andrew *(appointed on 29 June 2018 and resigned on 2 January 2019)*	1/1	5/5	N/A	N/A	N/A	N/A

Code provision A.6.7 of the CG Code requires that independent Non-Executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. Due to other important business engagement, Mr. Shin Yick Fabian was unable to attend the annual general meeting held on 31 August 2018.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In accordance with A.6.5 of the CG Code with regards to continuous professional development, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills. To further ensure all Directors are adequately informed about the Company's business and operations as well as his/her responsibilities under relevant laws, rules and regulations, the management provides all Directors with regular updates regarding the Company's performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time.

The Directors received the following training for the year ended 31 March 2019 according to the records provided by the Directors:

Directors	**Training on corporate governance, regulatory development and other relevant topics**
Executive Directors	
Mr. George Lu *(Chief Executive Officer and Chairman)*	✓
Mr. Lam Allan Loc *(Vice Chairman) (re-designated from independent Non-Executive Director to Non-Executive Director and appointed as Vice Chairman on 1 November 2018; re-designated to Executive Director on 12 April 2019)*	✓
Ms. Lau Wing Sze *(resigned on 12 April 2019)*	✓
Non-Executive Directors	
Mr. Pang Chung Fai Benny *(re-designated from Executive Director to Non-Executive Director and ceased to be Vice Chairman on 12 April 2018)*	✓
Mr. Lau Wan Po *(re-designated from Executive Director to Non-Executive Director and ceased to be Vice Chairman on 29 June 2018; resigned as Non-Executive Director on 8 October 2018)*	✓
Mr. Yeung Wai Fai Andrew *(appointed on 29 June 2018 and resigned on 2 January 2019)*	✓
Independent Non-Executive Directors	
Mr. Loo Hong Shing Vincent	✓
Mr. Zhu Shouzhong *(appointed on 2 October 2018)*	✓
Mr. Li Huaqiang *(appointed on 1 November 2018)*	✓
Mr. Shin Yick Fabian *(resigned on 2 October 2018)*	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Throughout the year ended 31 March 2019, Mr. George Lu is the Chairman and also the CEO of the Company.

Code provision A.2.1 stipulates that the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The current Chairman and CEO of the Company is Mr. George Lu. The Board believes that vesting the roles of both Chairman and CEO in the same person will not impair the balance of power and authority between the Directors and the management of the Company. Mr. George Lu has extensive experience in the industry which is beneficial and of great value to the overall development of the Company. The Board is of the view that although the Chairman is also the CEO, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meets from time to time to discuss issues affecting operation of the Company. The Board also believes that the current structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has three independent Non-Executive Directors, all of them have appropriate professional qualification or related financial management expertise. The Company has received a written confirmation of independence from each of the independent Non-Executive Directors. The Company considers that each of the independent Non-Executive Directors is independent.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

All the Non-Executive Director and independent Non-Executive Directors have signed letters of appointment with the Company with a term of three years.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each Director of the Company has either entered a service contract with the Company or has an appointment letter. The Directors are not appointed for any specific length or proposed length of services and their term of service shall continue unless and until terminated by either party by a specific months of notice in writing. Under the service agreements, the initial annual emoluments of each Executive Director is fixed and the remuneration payable to each of them will be reviewed by the Board each year.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. Pursuant to the Company's Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election. Pursuant to the Company's Articles of Association, at each annual general meeting, one third of the Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to but not less than one third), shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee with its role and function set out in its specific written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company. The principal duties of the Remuneration Committee are to formulate the Company's remuneration policy and recommend remuneration packages of the Directors and senior management of the Company to the Board for approval. The Company's remuneration policy is based on position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The performance appraisal system varies according to the positions of the employees. The performance appraisal is supervised by each member of the Remuneration Committee, namely Mr. Loo Hong Shing Vincent (Chairman), Mr. George Lu and Mr. Li Huaqiang.

The Remuneration Committee currently comprises two independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent as the chairman of the Remuneration Committee, Mr. Li Huaqiang (appointed on 1 November 2018) and an Executive Director and the Chairman of the Board, namely Mr. George Lu (appointed on 2 October 2018). Mr. Shin Yick Fabian (resigned on 2 October 2018) and Mr. Lam Allan Loc (re-designated as Non-Executive Director and ceased to be a member of the Remuneration Committee on 1 November 2018) were also the members of Remuneration Committee during the Current Year.

During the Current Year, two meetings of the Remuneration Committee were held to make recommendation to the Board on the Company's policy and structure for all remuneration of the Directors and the senior management and on the establishment of a procedure for developing policy on such remuneration; and determine or recommend to the Board on the remuneration packages of all the Executive Directors and the senior management, and recommend to the Board of the remuneration of the Non-Executive Directors. All members of the Remuneration Committee attended all meetings held during the Current Year.

NOMINATION COMMITTEE

The Board has established a Nomination Committee with its role and function set out in its specific written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company.

The Nomination Committee is responsible for reviewing the Board composition, Board diversity, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of Independent Non-executive Directors.

The Nomination Committee reviews the structure, size and composition of the Board regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. Where vacancies on the Board exist, the Nomination Committee will carry out the selection process based on the Company's nomination policy by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs, the Board Diversity Policy and other relevant statutory requirements and regulations.

The Nomination Committee currently comprises two independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent (appointed as chairman on 1 November 2018) as the chairman of the Nomination Committee, Mr. Li Huaqiang (appointed on 1 November 2018), and an Executive Director and the Chairman of the Board, namely Mr. George Lu. Mr. Lam Allan Loc (re-designated as Non-Executive Director and ceased to be the chairman of the Remuneration Committee on 1 November 2018) was also the member of Nomination Committee during the Current Year.

During the Current Year, two meetings of the Nomination Committee were held to review the structure and composition of the Board, identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, adoption of the board diversity policy and revised written terms of reference to the Nomination Committee. All members of the Nomination Committee attended all meetings held during the Current Year.

BOARD DIVERSITY POLICY

During the Current Year, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of Board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Directors appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

AUDIT COMMITTEE

The Board has established an Audit Committee with its role and function set out in its written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company. The principal duties of the Audit Committee are to review the Company's financial statement, accounts, interim results and annual results and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the Group's financial reporting and internal control procedures.

The Audit Committee currently comprises three independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent (appointed as chairman on 2 October 2018) as the chairman of Audit Committee, Mr. Zhu Shouzhong (appointed on 2 October 2018) and Mr. Li Huaqiang (appointed on 1 November 2018). Mr. Shin Yick Fabian (resigned on 2 October 2018) and Mr. Lam Allan Loc (re-designated as Non-Executive Director and ceased to be a member of the Audit Committee on 1 November 2018) were also the members of the Audit Committee during the current year. The Audit Committee held three meetings during the Current Year to review interim results, annual results, risk management and internal control system of the Group. All of the meetings were attended with the Company's independent auditor so that the members of the Audit Committee could exchange their views and concerns on the financial reporting process of the Group with the auditor. All members of the Audit Committee attended all meetings held during the Current Year.

CORPORATE GOVERNANCE COMMITTEE

The Board has established a Corporate Governance Committee with its role and function set out in its written terms of reference in accordance with the provisions set out in the CG Code and Corporate Governance Report as set out in the Listing Rules, which are posted on the websites of the Stock Exchange and the Company.

Its primary functions include: (i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (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 (if any) applicable to Directors and employees of the Group; (v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report as required under Appendix 14 to the Listing Rules; and (vi) to consider other matters, as authorised by the Board.

The Corporate Governance Committee currently comprises Executive Directors and senior management of the Company, namely, Mr. Wong Kwok Ming as the Chairman of the Corporate Governance Committee, Mr. Lam Allan Loc (appointed on 12 April 2019) and Ms. Lu Qinzhen. Ms. Lau Wing Sze (resigned on 12 April 2019) was also the member of Corporate Governance Committee during the Current year. The Corporate Governance Committee held two meetings during the Current Year and each committee member had full attendance for all the meetings.

CORPORATE GOVERNANCE FUNCTIONS

The Board and the Corporate Governance Committee have reviewed the Company's policies and practices on corporate governance and compliance with the CG Code, reviewed and monitored the training and continuous professional development of Directors and senior management and reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements during the Current Year.

COMPANY SECRETARY

Mr. Wong Kwok Ming, the company secretary of the Company, is a full-time employee of the Group and has day-to-day knowledge of the Company's affairs. The company secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the company secretary is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group and of its profit and cash flows for the year ended 31 March 2019. The Directors have prepared the financial statements of the Group on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the Listing Rules and pursuant to the relevant statutory requirements.

The responsibilities of the auditor of the Company, Ernst & Young, are set out in the section headed "Auditor's responsibilities for the audit of the consolidated financial statements" in the Independent Auditor's Report on pages 52 to 54 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has the overall responsibilities for the internal control of the Group, including risk management. To facilitate effective and efficient operations and to ensure compliance with relevant laws and regulations, the Group emphases on the importance of the risk management and internal control system which is also indispensable to mitigating the Group's risk exposures. The Group's risk management and internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives.

The risk management and internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory. The Audit Committee oversees the risk management and internal control system of the Group and communicates any material issues with the Board.

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board.

The Board has conducted review of the effectiveness of the risk management and internal control system and is of the view that the risk management and internal control system adopted during the year ended 31 March 2019 is sound and effective to safeguard the interests of the shareholders and the Group's assets.

AUDITOR'S REMUNERATION

The auditor, Ernst & Young, has provided both audit and non-audit services to the Group. The Audit Committee is responsible for making recommendations to the Board on the appointment, re-appointment, removal and remuneration of the independent auditor.

For the year ended 31 March 2019, the fee for audit service and non-audit services provided to the Group amounted to approximately HK$1.3 million and HK$nil respectively (2018: HK$1.2 million and HK$nil, respectively).

CONSTITUTIONAL DOCUMENTS

During the Current Year, there is no significant change in the Company's constitutional documents.

COMMUNICATION WITH SHAREHOLDERS

The Company provides information in relation to the Group to the shareholders in a timely manner through a number of formal channels, including the annual general meeting, interim and annual reports, announcements and circulars. Such published documents together with the corporate information of the Group are also available on the Company's website (www.huabangfinancial.com).

Subject to applicable laws and regulations, including the Listing Rules and the Articles of Association as amended from time to time, shareholders may convene a general meeting/put forward proposals in accordance with the following provisions:

1. One or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings can deposit a written request to convene an extraordinary general meeting ("EGM") at the principal place of business of the Company in Hong Kong, for the attention of the Board or the Company Secretary.

2. The written request must state the name of the shareholders concerned, their respective shareholdings, the objects of the meeting, including details of the business(es) and resolutions proposed to be considered and approved at the meeting, signed by the shareholders concerned.

3. The request will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the request has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, an EGM will not be convened as requested.

4. If within 21 days of such deposit of the requisition, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

5. The notice period to be given to the shareholders in respect of the EGM varies according to the nature of the proposal. Notice of the EGM at which the passing of a special resolution is to be considered, notice of the EGM shall be arranged to be sent to the shareholders at least 21 clear days or 10 clear business days (whichever is longer) before such EGM.

Procedures for shareholders sending enquiries to the Board

1. *Enquiries about shareholdings*
   Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, via its online holding enquiry service at www.tricoris.com, or send email to is-enquiries@hk.tricorglobal.com or go in person to its public counter at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. *Enquiries about corporate governance or other matters to be put to the Board and the Company*
   The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the Board or Company Secretary, by mail to 33/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong. Shareholders may call the Company at (852) 2314 0822 for any assistance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has been long active in fulfilling corporate social responsibilities. The Board is responsible for leading the environmental, social and governance ("ESG") works, including dedicated management teams to manage ESG issues within each business division, and assign designated staff to enforce and supervise the implementation of relevant policies. The Board is committed to making continuous improvements in corporate environmental and social responsibility in order to meet the changing needs of an advancing society. The Board is pleased to present the ESG report to demonstrate its efforts on sustainable development.

SCOPE AND PERIOD OF REPORTING

The ESG report mainly covers the businesses of the Group and presents the Group's strategic approach to sustainability and performance in the environmental and social aspects of its businesses in the reporting period from 1 April 2018 to 31 March 2019. The Group will continue to strengthen its efforts to collect information in order to enhance its performance in the environmental and social subject areas and to disclose related information in its sustainable development.

STAKEHOLDERS' ENGAGEMENT

To conduct the Group's materiality assessment in identifying and understanding the main concerns and material interests of stakeholders, the Group has invited the stakeholders to express their views and concerns on major social and environment issues, while the employees' health, safety measures, benefits and pay, development and training are the material topics of concern to stakeholders.

ENVIRONMENTAL PROTECTION

The Group undertakes environmental protection as part of its corporate responsibilities, and it is fully aware of the importance of sustainable environmental development in promoting sustainability in its operations. The Group is committed to implementing different environmental protection measures to reduce the impacts on the environment.

EMISSIONS

The Group is principally engaged in (i) computer and peripheral products business; (ii) financial services business (including corporate finance advisory business and securities brokerage business); and (iii) money lending business. These businesses do not constitute any significant impact to the environment and does not generate any material level of greenhouse gas and hazardous waste. Our management closely monitors and aims to minimise the environmental effect to its surroundings. There is no non-compliance cases noted in relation to air and greenhouse gas emissions, discharge into water and land and generation of hazardous and non-hazardous waste for the year ended 31 March 2019.

USE OF RESOURCES

The Group highly encourages the efficient use of resources while endeavours to reduce, reuse and recycle of resources to prevent the unnecessary waste of resources and minimize the impacts on the environment and natural resources. Due to the nature of our business, the resources used by the Group are principally attributed to electricity and paper consumed at our offices and warehouse. Due to our business nature, our operation does not significantly involve direct consumption of water and packaging materials. Water consumption by the Group was mainly normal water consumption used at the Group's offices only.

ELECTRICITY

Due to the Group's business nature, our electricity consumption is normally used at our offices and warehouse and we do not involve large electric facilities for operation. In view of that, we consider electricity consumption attributed to less significant to our Group. However, the Group continues its commitment in reducing the energy consumption by reminding employees to switch off their computers before leaving office, switch off the lighting in the conference rooms and other functional rooms when they are not in use and turn the electronic equipment into energy-saving mode whenever possible. We also encourage our employees to keep the office temperature at 25°C so as to ensure the efficient use of the air-conditioning. In addition, the Group closely monitors energy consumption at its offices and warehouse and encourage its staff to make sure use of natural light. Permission is required for lighting and air-conditioning during non-business hours.

PAPER AND PRINTING MATERIALS

Paper usage by the Group's offices and warehouses is limited for daily office use as well as some printing materials such as annual/interim reports and circulars which are required to be distributed to the shareholders. To save the environment, the Group continues the efforts in reducing and recycling of paper usage, by reminding our staff to have environmentally friendly printing and photocopying habit, encouraging double-sided printing and scanning documents to the Group's server system rather photocopying whenever possible, implementing password system for colour printing and separate collection of waste paper and used envelopes for reuse and recycling. For those printing materials, we will not over-printing and will print on demand and encourage our readers make use of the company's website.

ENVIRONMENT AND NATURAL RESOURCES

The Group is committed to building an environmental-friendly corporation that pays close attention to conserving the earth's natural resources. Due to the nature of our Group's operations, environmental impact and use of natural resources is considered minimal. Nevertheless, our Group is endeavour to protect the environment and natural resources as a responsible corporate citizenship.

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group have strict quality control in each operation step: procurement, production and warehousing. The Group checks quality and stability of products, so as to select high-quality product-suppliers and to ensure the quality of products. In respect of warehouse management, warehouse inventory follows the principle of convenient storage and management which can minimise errors.

PRODUCT RESPONSIBILITY

The Group is principally engaged in (i) computer and peripheral products business; (ii) financial services business (including corporate finance advisory and securities brokerage business); and (iii) money lending business. Regarding the computer and peripheral products business, the computer and peripheral products being sourced were all manufactured by famous brands in the world. The Group has adequate and suitable facilities to store the products properly and to ensure the products are kept in good conditions. No violation of relevant laws and regulations in relation to product responsibility was noted for the year ended 31 March 2019.

ANTI-CORRUPTION

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the laws and regulations relating to anti-corruption and bribery irrespective of the area or country where the Group is conducting business such as Hong Kong's Prevention of Bribery Ordinance. The Group has formulated and strictly enforced anti-corruption policies that the Group will not tolerate any form of corruption. All employees are expected to discharge their duties with integrity and self-discipline. They should abstain from engaging in any activities related to bribery, extortion, fraud and money laundering which may exploit their positions against the Group's interests in the course of business.

Employees have to report the declaration of conflict to the Group regularly. In addition, when the Group cooperates with external parties, the Group implements proper internal control process and tendering process to prevent any potential threats on corruption. The Group also arranges regular training to executives and employees for enhancing ethical awareness in conducting businesses.

The management conducts investigations against any suspicious or illegal behaviour which are related to bribery, extortion, fraud and money-laundering to protect the Group's interests. Corresponding internal assessment, consulting, investigation and punishment procedures are introduced. The management shall have in-depth investigation and ensure all the relevant information is kept intact and completely recorded.

Furthermore, the Group has set up internal whistleblowing policy system to enable the employees to lodge complaints and report any suspicious activities either verbally or in writing. The Group advocates a confidentiality mechanism to protect the whistle-blowers from the fear of threats. Where criminality is suspected after investigation, disciplinary actions will be taken, including termination of employment and relevant report is made to the relevant authorities. The Audit Committee of the Company shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

No violation of anti-corruption laws and regulations was noted for the year ended 31 March 2019.

EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT

The Group treasures talent as it is one of the most valuable assets and keys for driving success and maintaining sustainable development. The Group strives to provide its staff with a safe and competitive platform for career development and advancement.

The Group's human resources policies strictly adhere to the applicable employment laws and regulations in Hong Kong, including, the Hong Kong's Employment Ordinance and Mandatory Provident Fund Schemes Ordinance. The Group also provides employee benefits, such as medical insurance. The Group's human resources department reviews and updates relevant company policies in accordance with the latest laws and regulations regularly.

To attract high-calibre workforce, the Group offers competitive and fair remuneration and benefits based on individuals' performance, professional qualifications and experiences. In order to motivate and reward existing management and employees, the Group conducts regular salary review to ensure that its staff are recognised by the Group with regard to their working efforts and contributions. Meanwhile, any termination of employment contract should be based on reasonable and lawful grounds. The Group strictly prohibits any kinds of unfair or unreasonable dismissals.

The Group determines working hours and rest period for employees in line with employment laws and employment contracts with employees. In addition to statutory holidays such as the basic paid annual leave, employees may also entitle to maternity leave.

In terms of internal coaching and communication, the effective two-way communication between general staff and managerial staff is highly encouraged. Employees can maintain timely and smooth communication with their colleagues and the management through bulletin board postings, emails, trainings, internal meetings and social networks. The interactive communication system benefits the Group's decision-making process and results in a barrier-free employer employee relationship.

As an equal opportunity employer, the management of the Company is committed to create a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all human resources and employment decisions. For instance, training and promotion opportunities, dismissals and retirement policies are determined irrespective of their gender, race, age, disability, family status, marital status, pregnancy status, sexual orientation, religion beliefs, nationality, social and ethnic origin or any other non-job related factors in all business units. The Group's equal opportunities policy enforces zero tolerance to any workplace discrimination, harassment or victimisation in accordance to relevant government legislations, ordinances and regulations such as Hong Kong's Disability Discrimination Ordinance and Sex Discrimination Ordinance. If there is any discrimination incidents, employees can report to Human Resources Department. Disciplinary actions would be taken against any employee if there is any non-compliance or breach of legislation related to the equal opportunities policies.

No violation of relevant employment laws and regulations was noted for the year ended 31 March 2019.

HEALTH AND SAFETY

To provide and maintain a good working conditions and a safe and healthy working environment, the Group's safety and health policies are in line with various laws and regulations stipulated by the local government, including the Hong Kong's Occupational Safety and Health Ordinance.

The Group has formulated monitoring and measuring equipment control procedures and other procedures documents in order to meet the specific safety management and comply with the related fire safety regulations, labour protection management regulations and the production site safety regulations.

In addition, the Group prohibits smoking and drinking liquor in workplace and carries out cleaning of the air-conditioning systems, disinfection treatment of carpets, emergency drill and safety inspection at regular intervals with an aim to maintain a clean, tidy, smoke-free, non-toxic, non-hazardous, healthy and safe working environment and to examine the health & safety measures' effectiveness.

No violation of relevant employment health and safety laws and regulations was noted for the year ended 31 March 2019.

STAFF DEVELOPMENT AND TRAINING

The Group endeavours to enhance the skills of each employee in various aspects by providing staff trainings. In order to assist employees in reaching the "keep moving" spirit, we support individual learning and self-improvement among employees at all levels by providing tailor-made training sessions and education subsidies. The trainings are beneficial to our employees in adopting professional knowledge and improving efficiency in processes, which ultimately increase their job satisfaction and morale. In addition, we implemented a fair performance evaluation system to reward employees for their work contributions. The Group constantly provided on-job education and training for its employees to improve their knowledge and expertise.

LABOUR STANDARDS

The Group strictly abides by the Employment Ordinance of Hong Kong and other laws and regulations to prohibits any child and forced labour. To combat against illegal employment, the human resources department of the Group responsible for recruitment requires the job applicants to provide valid identity documents prior to the confirmation of employment to ensure that the applicants are lawfully employable. The human resources department of the Group is responsible to monitor and ensure compliance of latest and relevant laws and regulations in relation to the prevention of child labour and forced labour.

No violation of relevant laws and regulations in relation to the prevention of child labour and forced labour was noted for the year ended 31 March 2019.

HARMONIOUS WORKPLACE

The Group believes employees hold strong positions in the success of our business. Therefore, the Group is determined to promote workplace diversity, protect employees' rights and encourage a friendly corporate culture. With the aim of motivating its employees to demonstrate its core values and to ultimately boost their sense of belongings, the Group strictly implements employment practices, internal equality and non-discrimination principles.

To ensure the ability to attract and retain employees, the Group regularly reviews the remuneration and welfare policy such as an attractive bonus system and medical insurance.

COMMUNITY INVESTMENT

The Group emphasises the importance of social responsibility awareness to its staff and encourage them to participate in social activities and charitable activities. During the year ended 31 March 2019, the Group encourages the staff to participate in the blood donations during office hours. The Group will put as much effort as possible on being a socially responsible corporation in the coming future.

CORPORATE GOVERNANCE

The Group has established corporate governance policies to ensure that its business operates in accordance with its well-defined corporate governance principals. The Group conducts efficient communications with our suppliers, customers, business partners and shareholders to ensure they comply with our corporate governance framework. The Group provides competent support, data analysis and updated market insights to our customers, business partners and suppliers for enhance its operations. These measures not only enable the Group to reinforce its continuous relationships with its business partners, but also help all parties comply with the Group's code of business ethics, and importantly, to achieve a win-win outcome.

In order to comply with the changing trends and the Listing Rules, the Group constantly reviews its corporate governance practices in a timely, fair and transparent manner, so as to circulate up-to date information to its investors and to the public. The Group understands effective communication and accurate information disclosure not only give its credibility, but also facilitate the flow of constructive feedback and ideas that are beneficial to good approaches to investor relations and its future corporate development. Besides annual reports, interim reports and announcements, the Group facilitates its communications between stakeholders by explaining financial and operational information through meetings. Company visits also allow them to have a deeper understanding of our business.

To enhance information accessibility and efficiency, the Group has launched a website (www.huabangfinancial.com) so that the stakeholders can obtain the most recent information on us anywhere and anytime. The Group not only announces its financial results but also instantly upload a wide range of relevant information onto its website such as annual and interim reports, press releases, announcements and presentations for interim and annual results.

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF HUABANG FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Huabang Financial Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 55 to 178, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on goodwill	
Refer to Note 7 to the consolidated financial statements. The Group recognised goodwill of HK$56.65 million from the acquisition of Huabang Financial Limited and Huabang Securities Limited. Goodwill is subject to impairment assessments annually and when there is an indication of impairment. In carrying out the impairment assessments on goodwill arising from Huabang Financial Limited and Huabang Securities Limited, significant judgements were required to estimate the future cash flows of the business and to determine the assumptions, including the growth rate used in the cash flow projections and the discount rate applied to bring the future cash flows back to their present values. Based on the results of the impairment assessments conducted by the Group, goodwill of HK$4.64 million arising from the acquisition of Huabang Financial Limited was fully impaired.	Our procedures to evaluate the Group's impairment assessments on goodwill included the following: • We assessed the appropriateness of the valuation methodologies used. • We assessed the reasonableness of key assumptions based on our knowledge of the relevant business and industry. • We performed sensitivity analyses on the key assumptions where we flexed the growth rates and discount rates as these are the key assumptions to which the valuation models are the most sensitive. • We tested the mathematical accuracy of the calculations of cash flow projections in the computation of recoverable amounts. We also assessed the adequacy of the related disclosures on impairment test of goodwill in the financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on cash client receivables	
Refer to Notes 3.1(b), 4(b) and 12 to the consolidated financial statements. The Group has adopted HKFRS 9 on 1 April 2018. The key change arising from the adoption is that the Group's credit losses are now estimated based on a forward looking expected-loss impairment model rather than an incurred loss model. As at 31 March 2019, the impairment allowance arising from cash client receivables and the corresponding gross balance were HK$31.93 million and HK$101.72 million, respectively. The impairment assessment on cash client receivables involves significant management judgements and estimates in the assessment of credit risk, the uses of models and the choices of inputs in the calculation of expected credit loss at the reporting date. At each reporting date, the Group assesses whether there has been a significant increase in credit risk. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. We obtained an understanding of the Group's credit risk management and practices, and assessed the Group's impairment provisioning policy and related management judgements.	Our procedures to evaluate the Group's impairment assessments on cash client receivables as at 31 March 2019 included the following: • We tested the appropriateness of the Group's determination of significant increase in credit risk and the basis for classification of exposures into the three stages. Our testing included checking to loan overdue information, loan-to-value percentage or other related information, and considering the stage classification determined by the Group. • For cash client receivables classified at stage 1, we evaluated the Group's estimation methodology of expected credit losses, and checked the parameters to external data sources where available, including default rates provided by credit rating agency. Furthermore, we assessed and tested the sensitivity of the impairment allowance to changes in modelling assumptions, including the forward-looking probability weighted economic scenarios. • For cash client receivables classified at stage 3, we checked the valuation of the collateral and other sources of cash flows, and developed a reasonable range of expected cash shortfall for comparison with the Group's assessment of impairment allowance. We also assessed the adequacy of the disclosures in relation to credit risk of HKFRS 9 in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tso Pui Sze.

Certified Public Accountants
Hong Kong
25 June 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	As at 31 March **2019** **HK$'000**	 2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**287,763**	44,515
Intangible assets	7	**54,495**	60,377
Investment accounted for using equity method	9	**30,000**	–
Account receivables	12	**–**	1,000
Deposits, prepayments and other receivables	12	**915**	42,305
Deferred tax assets	19	**8,292**	3,880
		381,465	152,077
Current assets			
Inventories	10	**–**	1,875
Loan receivables	11	**15,204**	50,000
Account receivables	12	**193,004**	173,593
Deposits, prepayments and other receivables	12	**2,364**	3,775
Financial assets at fair value through profit or loss	13	**786**	1,808
Income tax recoverable		**1,552**	832
Bank balances held on behalf of clients	14	**17,837**	23,429
Cash and cash equivalents	15	**201,704**	200,254
		432,451	455,566
Total assets		**813,916**	607,643

The notes on page 62 to 178 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	As at 31 March 2019 HK$'000	As at 31 March 2018 HK$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	16	**3,654**	3,408
Other reserves	18	**574,549**	435,239
Retained earnings		**57,119**	100,394
Total equity		**635,322**	539,041
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	19	**310**	500
		310	500
Current liabilities			
Account payables	20	**17,834**	24,706
Other payables and accrued expenses	20	**2,452**	1,821
Contract liabilities	21	**358**	–
Bank borrowings	22	**156,513**	36,124
Current income tax liabilities		**1,127**	5,451
		178,284	68,102
Total liabilities		**178,594**	68,602
Total equity and liabilities		**813,916**	607,643
Net current assets		**254,167**	387,464
Total assets less current liabilities		**635,632**	539,541

These consolidated financial statements on pages 55 to 178 were approved for issue by the Board of Directors on 25 June 2019 and were signed on its behalf

George Lu
Director

Lam Allan Loc
Director

The notes on page 62 to 178 are integral parts of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	Note	Year ended 31 March 2019 HK$'000	2018 HK$'000
Revenue	5	**844,552**	683,410
Cost of sales	5	**(788,222)**	(627,443)
Gross profit		**56,330**	55,967
Selling expenses		**(523)**	(762)
General and administrative expenses		**(55,030)**	(41,317)
Expected credit loss on financial assets, net	23	**(37,573)**	–
Other gains/(losses)	26	**2,844**	(239)
Operating (loss)/profit		**(33,952)**	13,649
Finance costs	27	**(3,624)**	(477)
(Loss)/profit before income tax		**(37,576)**	13,172
Income tax credit/(expense)	28	**2,859**	(3,961)
(Loss)/profit for the year attributable to equity holders of the Company		**(34,717)**	9,211
(Loss)/earnings per share attributable to equity holders of the Company			
Basic	30	**HK(0.81) cent**	HK0.24 cent
Diluted	30	**HK(0.81) cent**	HK0.24 cent

The notes on page 62 to 178 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Comprehensive income		
(Loss)/profit for the year	**(34,717)**	9,211
Other comprehensive income		
Item that may be subsequently reclassified to profit or loss		
Currency translation differences	**(82)**	420
Total comprehensive income for the year attributable to equity holders of the Company	**(34,799)**	9,631

The notes on page 62 to 178 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

		Attributable to equity holders of the Company										
			Other reserves									
	Notes	Share capital	Share premium	Employee share-based compensation reserve	Shares held for share award scheme	Merger reserve Note 18(a)	Capital reserve Note 18(b)	Statutory reserve Note 18(c)	Exchange reserve	Sub total	Retained earnings	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2019												
Balance at 31 March 2018		3,408	354,518	22,882	–	50,374	2,480	1,042	3,943	435,239	100,394	539,041
Effect of adoption of HKFRS 9	2.1	–	–	–	–	–	–	–	–	–	(2,304)	(2,304)
Effect of adoption of HKFRS 15	2.1	–	–	–	–	–	–	–	–	–	(13,017)	(13,017)
Balance at 1 April 2018 (restated)		3,408	354,518	22,882	–	50,374	2,480	1,042	3,943	435,239	85,073	523,720
Comprehensive income												
Loss for the year		–	–	–	–	–	–	–	–	–	(34,717)	(34,717)
Other comprehensive income												
Currency translation differences		–	–	–	–	–	–	–	(82)	(82)	–	(82)
Total comprehensive income		–	–	–	–	–	–	–	(82)	(82)	(34,717)	(34,799)
Transaction with owners												
Issue of new shares through placing	16	250	150,005	–	–	–	–	–	–	150,005	–	150,255
Shares repurchased and cancelled	16	(4)	(2,191)	–	–	–	–	–	–	(2,191)	–	(2,195)
Employee share option scheme												
– value of employee services	17(a)	–	–	1,541	–	–	–	–	–	1,541	–	1,541
– forfeiture of employee share options	17(a)	–	–	(9,468)	–	–	–	–	–	(9,468)	6,763	(2,705)
Purchase of shares under share award schemes	17(b)	–	–	–	(495)	–	–	–	–	(495)	–	(495)
Balance at 31 March 2019		3,654	502,332	14,955	(495)	50,374	2,480	1,042	3,861	574,549	57,119	635,322

The notes on page 62 to 178 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Note	Share capital	Share premium	Employee share-based compensation reserve	Merger reserve Note 18(a)	Capital reserve Note 18(b)	Statutory reserve Note 18(c)	Exchange reserve	Sub total	Retained earnings	Total
		Attributable to equity holders of the Company									
			Other reserves								
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2018											
Balance at 1 April 2017		3,214	243,749	14,260	50,374	2,480	1,042	3,523	315,428	91,183	409,825
Comprehensive income											
Profit for the year		–	–	–	–	–	–	–	–	9,211	9,211
Other comprehensive income											
Currency translation differences		–	–	–	–	–	–	420	420	–	420
Total comprehensive income		–	–	–	–	–	–	420	420	9,211	9,631
Transaction with owners											
Employee share option scheme											
– value of employee services	17(a)	–	–	9,607	–	–	–	–	9,607	–	9,607
– exercise of employee share options	17(a)	2	1,236	(175)	–	–	–	–	1,061	–	1,063
– forfeiture of employee share options	17(a)	–	–	(810)	–	–	–	–	(810)	–	(810)
Issue of shares for acquisition of a subsidiary	35	192	109,533	–	–	–	–	–	109,533	–	109,725
Balance at 31 March 2018		3,408	354,518	22,882	50,374	2,480	1,042	3,943	435,239	100,394	539,041

The notes on page 62 to 178 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	Year ended 31 March **2019** **HK$'000**	 2018 HK$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	33(a)	**(14,561)**	21,223
Income tax paid		**(6,328)**	(1,817)
Income tax refunded		**–**	3,188
Net cash flows (used in)/from operating activities		**(20,889)**	22,594
Cash flows from investing activities			
Interest received		**944**	204
Purchase of property, plant and equipment	6	**(254,019)**	(84)
Proceeds from disposal of property, plant and equipment	33(b)	**170**	63
Change in deposits, prepayments and other receivables	12	**40,913**	(11,904)
Acquisition of an investment accounted for using equity method	9	**(30,000)**	–
Acquisition of a business, net of cash acquired	35	**–**	3
Net cash flows used in investing activities		**(241,992)**	(11,718)
Cash flows from financing activities			
Interest paid	33(c)	**(3,501)**	(438)
Drawdown of bank borrowings	33(c)	**296,340**	109,276
Repayment of bank borrowings	33(c)	**(176,074)**	(73,151)
Proceeds from issuance of ordinary shares		**150,255**	–
Payment on repurchase of shares		**(2,195)**	–
Proceeds from exercise of share options		**–**	1,063
Bank facility costs paid		**–**	(40)
Purchase of shares held for share award scheme		**(495)**	–
Net cash flows from financing activities		**264,330**	36,710
Net increase in cash and cash equivalents		**1,449**	47,586
Cash and cash equivalents at beginning of year		**200,254**	152,189
Effect of foreign exchange rate changes, net		**1**	479
Cash and cash equivalents at end of year	15	**201,704**	200,254

The notes on page 62 to 178 are integral parts of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 February 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business is 33/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in (i) computer and peripheral products business, (ii) financial services business and (iii) money lending business (the "Business").

The directors considered Mr. George Lu and Ms. Shen Wei, spouse of Mr. George Lu, to be the ultimate controlling shareholders.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Main Board").

These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousands, unless otherwise stated.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1 BASIS OF PREPARATION *(Continued)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018:

The Group has applied the following HKFRSs for the first time for their annual reporting period commencing 1 April 2018:

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

The Group has adopted these HKFRSs, other than as explained below regarding the impact of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue form Contracts with Customers", the adoption of the remaining standards did not have a significant impact on the Group's results and financial position.

HKFRS 9, "Financial Instruments"

HKFRS 9 "Financial Instruments" replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

2.1 BASIS OF PREPARATION *(Continued)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 9, "Financial Instruments" *(Continued)*

(a) Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the consolidated statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows:

	Note	HKAS 39 measurement			HKFRS 9 measurement	
		Category	**Amount**	**ECL**	**Amount**	**Category**
			HK$'000	HK$'000	HK$'000	
Financial assets						
Loan receivables		L&R[1]	50,000	(316)	49,684	AC[2]
Account receivables	(i)	L&R	173,254	(2,423)	170,831	AC
Financial assets included in deposits, prepayments and other receivables		L&R	4,358	(20)	4,338	AC
Financial assets at fair value through profit or loss		FVPL[3]	1,808	–	1,808	FVPL
Bank balances held on behalf of clients		L&R	23,429	–	23,429	AC
Cash and cash equivalents		L&R	200,254	–	200,254	AC
			453,103	(2,759)	450,344	
Other assets						
Deferred tax assets			3,880	172	4,052	
Total financial assets			456,983	(2,587)	454,396	

2.1 BASIS OF PREPARATION *(Continued)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 9, "Financial Instruments" *(Continued)*

(a) Classification and measurement (Continued)

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows: *(Continued)*

	Note	HKAS 39 measurement			HKFRS 9 measurement	
		Category	Amount	ECL	Amount	Category
			HK$'000	HK$'000	HK$'000	
Financial liabilities						
Account payables		AC	24,706	–	24,706	AC
Financial liabilities included in other payables and accrued expenses		AC	1,821	–	1,821	AC
Bank borrowings		AC	36,124	–	36,124	AC
			62,651	–	62,651	
Other liabilities						
Deferred tax liabilities			500	(283)	217	
Total financial liabilities			63,151	(283)	62,868	

1 L&R: Loans and receivables

2 AC: Financial assets or financial liabilities at amortised cost

3 FVPL: Financial assets at fair value through profit or loss

Notes:

(i) The gross carrying amounts of the trade receivables under the column "HKAS 39 measurement – Amount" represent the amounts after adjustments for the adoption of HKFRS 15 but before the measurement of ECLs. Further details of the adjustments for the adoption of HKFRS 15 are included in Note 2.1(a) to the consolidated financial statements.

2.1 BASIS OF PREPARATION *(Continued)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 9, "Financial Instruments" *(Continued)*

(b) *Impairment*

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9. Further details are disclosed in Notes 11 and 12 to the consolidated financial statements.

	Impairment allowances under HKAS 39 at 31 March 2018	**Re-measurement**	**ECL allowances under HKFRS 9 at 1 April 2018**
	HK$'000	HK$'000	HK$'000
Loan receivables	–	316	316
Account receivables arising from provision of corporate finance advisory services	–	23	23
Cash client receivables	–	1,718	1,718
Trade receivables	–	682	682
Financial assets included in deposits, prepayments and other receivables	–	20	20
	–	2,759	2,759

(c) *Impact on retained earnings*

The impact of transition to HKFRS 9 on retained earnings is as follows:

	Retained earnings
	HK$'000
Balance as at 31 March 2018 under HKAS 39	100,394
Recognition of expected credit losses for financial assets under HKFRS 9	(2,759)
Deferred tax in relation to the above	455
Balance as at 1 April 2018 under HKFRS 9	98,090

2.1 BASIS OF PREPARATION *(Continued)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 15, "Revenue from Contracts with Customers"

HKFRS 15 and its amendments replace HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. Further details are included in Note 4 to the consolidated financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in Note 2.24 to the consolidated financial statements.

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

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained earnings as at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

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

	(Decrease)/ increase HK$'000
Assets	
Account receivables	(1,339)
Liabilities	
Contract liabilities	11,678
Equity	
Retained earnings	(13,017)

2.1 BASIS OF PREPARATION *(Continued)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 15, "Revenue from Contracts with Customers" *(Continued)*

Set out below are the amounts by which each financial statement line item was affected as at 31 March 2019 and for the year ended 31 March 2019 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or on the Company's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated income statement for the year ended 31 March 2019

	Amount prepared under		**Increase/**
	HKFRS 15	**Previous HKFRS**	**(decrease)**
	HK$'000	HK$'000	HK$'000
Revenue	844,552	831,535	13,017
Gross profit	56,330	43,313	13,017
Operating loss	(33,952)	(46,969)	(13,017)
Loss for the year attributable to equity holders of the Company	(34,717)	(47,734)	(13,017)
Loss per share attributable to equity holders of the Company			
Basic	HK(0.81) cent	HK(1.11) cent	HK(0.30) cent
Diluted	HK(0.81) cent	HK(1.11) cent	HK(0.30) cent

Consolidated statement of financial position as at 31 March 2019

Other payables and accrued expenses	2,452	2,810	(358)
Contract liabilities	358	–	358
Total liabilities	178,594	178,594	–
Total equity and liabilities	813,916	813,916	–
Net current assets	254,167	254,167	–
Total assets less current liabilities	635,632	635,632	–

2.1 BASIS OF PREPARATION *(Continued)*

(a) New standards, amendments to standards, interpretations and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2018: *(Continued)*

HKFRS 15, "Revenue from Contracts with Customers" *(Continued)*

The nature of the adjustments as at 1 April 2018 and the reasons for the significant changes in the consolidated statement of financial position as at 31 March 2019 and the income statement for the year ended 31 March 2019 are described below:

Before the adoption of HKFRS 15, the Group recognised revenue from provision of initial public offering ("IPO") sponsor services in accordance with the terms of the underlying agreements and when the relevant significant acts have been completed. Under HKFRS 15, the Group assessed that the performance obligation for sponsoring services is satisfied when all the relevant duties of a sponsor as stated in the contract are completed.

As at 1 April 2018, revenue from incomplete sponsoring service contracts recognised to profit or loss in prior years by the Group under HKAS 18 were reversed. Also, progress payments received from customers for those incomplete sponsoring service contracts were reclassified as contract liabilities and unbilled revenues receivable from customers for those services rendered which are customarily associated with the provision of such services were reversed.

All corresponding adjustments were reflected in the opening balance of retained earnings.

Accordingly, upon adoption of HKFRS 15, unbilled revenues included in account receivables arising from provision of corporate finance advisory services decreased by HK$1,339,000, contract liabilities increased by HK$11,678,000, which resulted in a decrease in retained earnings of HK$13,017,000 at 1 April 2018.

During the year ended 31 March 2019, the performance obligations of the abovementioned contracts were satisfied. Accordingly, an amount of HK$13,017,000 was recognised as revenue for the year ended 31 March 2019.

2.1 BASIS OF PREPARATION *(Continued)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group:

The following new standards, amendments to standards, interpretations and annual improvements are relevant to the Group, but are not yet effective for the accounting year ended 31 March 2019 and have not been early adopted:

	Effective for annual periods beginning on or after
HKFRS 16, "Leases"	1 January 2019
Amendments to HKFRS 3, "Definition of a Business"	1 January 2020
Amendments to HKFRS 9, "Prepayment Features with Negative Compensation"	1 January 2019
Amendments to HKFRS 10 and HKAS 28 (2011), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	No mandatory effective date yet determined
Amendments to HKAS 1 and HKAS 8, "Definition of Material"	1 January 2020
Amendments to HKAS 19, "Plan Amendment, Curtailment or Settlement"	1 January 2019
Amendments to HKAS 28, "Long-term Interests in Associates and Joint Ventures"	1 January 2019
HK(IFRIC)-Int 23, "Uncertainty over Income Tax Treatments"	1 January 2019
Annual Improvements 2015-2017 Cycle, "Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23"	1 January 2019

2.1 BASIS OF PREPARATION *(Continued)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group: *(Continued)*

HKFRS 16, "Leases"

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group will adopt HKFRS 16 from 1 April 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During the year ended 31 March 2019, the Group has performed a detailed assessment on the impact of adoption of HKFRS 16 and the standards are not expected to have any significant impact on the Group's consolidated financial statements.

2.1 BASIS OF PREPARATION *(Continued)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group: *(Continued)*

Amendments to HKFRS 3, "Definition of a Business"

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 April 2020.

Amendments to HKFRS 9, "Prepayment Features with Negative Compensation"

Amendments to HKFRS 9, issued in December 2017, allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of the contract to be measured at amortised cost or at fair value through other comprehensive income. The amendments clarify that a financial asset passes the "solely payments of principal and interest on the principal amount outstanding" criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The Group expects to adopt these amendments from 1 April 2019 and to apply the exemption from restating comparative information of prior periods. Any difference between the previous carrying amount and the adjusted carrying amount will be recognised in the opening balance of equity. The amendments do not apply to the Group as the Group does not have any debt instruments with prepayment features along with compensation for early termination. In addition, as clarified in the amendments to the basis for conclusions on HKFRS 9, the gain or loss arising on modification of a financial liability that does not result in derecognition (calculated by discounting the change in contractual cash flows at the original effective rate) is immediately recognised in profit or loss. As there is no specific relief on this clarification, this requirement shall be applied retrospectively. The Group's current accounting policy is consistent with this clarification and therefore the adoption of the amendments is not expected to have any impact on the Group.

2.1 BASIS OF PREPARATION *(Continued)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group: *(Continued)*

Amendments to HKFRS 10 and HKAS 28 (2011), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 and HKAS 8, "Definition of Material"

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 April 2020. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments HKAS 19, "Plan Amendment, Curtailment or Settlement"

Amendments to HKAS 19 address the accounting for a defined benefit plan when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to (i) determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability or asset reflecting the benefits offered under the plan and the plan assets after that event, and (ii) determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability or asset, reflecting the benefits offered under the plan and the plan assets after that event and the discount rate used to remeasure that net defined benefit liability or asset.

2.1 BASIS OF PREPARATION *(Continued)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group: *(Continued)*

Amendments HKAS 19, "Plan Amendment, Curtailment or Settlement" *(Continued)*

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in net interest, is recognised in other comprehensive income. The Group expects to adopt the amendments to plan amendments, curtailments or settlements occurring on or after 1 April 2019. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 28, "Long-term Interests in Associates and Joint Ventures"

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 April 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 April 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

HK(IFRIC)-Int 23, "Uncertainty over Income Tax Treatments"

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 April 2019. The interpretation is not expected to have any significant impact on the Group's consolidated financial statements.

2.1 BASIS OF PREPARATION *(Continued)*

(b) New standards, amendments to standards, interpretations and annual improvements that have been issued but not yet effective and have not been early adopted by the Group: *(Continued)*

Annual Improvements 2015-2017 Cycle, "Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23"

Annual Improvements to HKFRSs 2015-2017 Cycle sets out amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23. The Group expects to adopt the amendments from 1 April 2019. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments are as follows:

- HKFRS 3 "Business Combinations": Clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value.

- HKFRS 11 "Joint Arrangements": Clarifies that when an entity that participates in (but does not have joint control of) a joint operation obtains joint control over that joint operation that is a business, it does not remeasure the interest it previously held in that joint operation.

- HKAS 12 "Income Taxes": Clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividends.

- HKAS 23 "Borrowing Costs": Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

2.2 SUBSIDIARY

2.2.1 Consolidation

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

Inter-company transactions, balances, income and expenses or transactions between group companies are eliminated. Profits and losses resulting from inter-company transaction that are recognised in asset are also eliminated. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2 SUBSIDIARY *(Continued)*

2.2.1 Consolidation *(Continued)*

(a) *Business combinations*

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

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) *Changes in ownership interests in subsidiaries without change of control*

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

(c) *Disposal of subsidiaries*

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

2.2 SUBSIDIARY *(Continued)*

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. 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 dividend received and receivable.

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

2.3 ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over 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 joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated income statement and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.3 ASSOCIATES AND JOINT VENTURES *(Continued)*

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

2.4 SEGMENT REPORTING

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

2.5 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

(c) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in the other comprehensive income.

2.5 FOREIGN CURRENCY TRANSLATION *(Continued)*

(c) Group companies *(Continued)*

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

On disposal of a foreign operation and partial disposal on disposal of a foreign operation (that is, 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, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on property, plant and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

2.6 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Leasehold land classified as finance lease	Over the lease terms
Leasehold improvements	5 to 10 years or over the remaining lease terms, whichever is a shorter period
Buildings	50 years or over the lease terms, whichever is a shorter period
Machineries	3 to 10 years
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

2.7 INTANGIBLE ASSETS

(a) Goodwill

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

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

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

(b) Money lending license

The Group's money lending license has a useful life and is carried at cost less accumulated amortisation and accumulated impairment. Amortisation is calculated using the straight-line method to allocate the cost of the license over its estimated useful life of not more than 5 years.

2.7 INTANGIBLE ASSETS *(Continued)*

(c) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

2.9 FINANCIAL ASSETS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 APRIL 2018)

2.9.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 April 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.9 FINANCIAL ASSETS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 APRIL 2018) *(Continued)*

2.9.2 Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated income statement when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated income statement.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the consolidated income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.9 FINANCIAL ASSETS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 APRIL 2018) *(Continued)*

2.9.3 Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

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

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

For financial assets, except for cash client receivables, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers these financial assets are in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For cash client receivables, the Group considers there has been a significant increase in credit risk when clients cannot meet the loan call requirement and uses the loan-to-collateral value ("LTV") to make its assessment. The Group considers a cash client receivable is in default when LTV is larger than a defined benchmark. However, in certain cases, the Company may also consider a cash client receivable to be in default when there is a significant shortfall which indicates the Company is unlikely to receive the outstanding contractual amounts in full taking into account the pledged securities held by the Group. A cash client receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 FINANCIAL ASSETS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 APRIL 2018) *(Continued)*

2.9.3 Impairment of financial assets *(Continued)*

General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the impairment allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the impairment allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the impairment allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises an impairment allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.10 FINANCIAL ASSETS (POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 APRIL 2018)

2.10.1 Initial recognition and measurement

The Group classifies its financial assets as loans and receivables and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise loan receivables, account receivables, financial assets included in deposits, prepayments and other receivables, bank balances held on behalf of clients and cash and cash equivalents in the consolidated statement of financial position.

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 sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

2.10.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with positive net changes in fair value presented as other gains and negative net changes in fair value presented as other losses in the consolidated income statement. These net fair value changes do not include any dividends or interest earned on these financial assets.

2.10.3 Impairment of financial assets

Assets carried at amortised cost

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

2.10 FINANCIAL ASSETS (POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 APRIL 2018) *(Continued)*

2.10.3 Impairment of financial assets *(Continued)*

Assets carried at amortised cost (Continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(a) Significant financial difficulty of the borrower;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties; or

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

 (i) adverse changes in the payment status of borrowers in the portfolio;

 (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.11 OFFSETTING FINANCIAL INSTRUMENTS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 APRIL 2018 AND POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 APRIL 2018)

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

2.12 DERECOGNITION OF FINANCIAL ASSETS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 APRIL 2018 AND POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 APRIL 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises raw materials and assembly cost. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 LOAN RECEIVABLES, ACCOUNT RECEIVABLES AND OTHER RECEIVABLES

Loan receivables are loans granted to customers in the ordinary course of business. If collection of loan receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Account receivables are amounts due from 1) customers for merchandises sold or services performed or 2) clients and clearing house for securities brokerage services in the ordinary course of business. If collection of amount receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Interest receivables are interests derived from loans granted to customers in the ordinary course of business.

Loan receivables, account receivables except for amounts due from customers for merchandises sold or services performed, and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Amounts due from customers for merchandises sold or services performed are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. They Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

2.15 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks.

2.16 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held for share award scheme are disclosed as treasury shares and deducted from contributed equity.

2.17 FINANCIAL LIABILITIES (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 APRIL 2018 AND HKAS 39 APPLICABLE BEFORE 1 APRIL 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include account payables, financial liabilities included in other payables and accrued expenses and bank borrowings.

Subsequent measurement

Financial liabilities are classified as subsequently measured at amortised cost, except for:

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives and financial liabilities held for trading. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

2.18 DERECOGNITION OF FINANCIAL LIABILITIES (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 APRIL 2018 AND HKAS 39 APPLICABLE BEFORE 1 APRIL 2018)

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

When 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 a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

2.19 ACCOUNT PAYABLES AND OTHER PAYABLES

Account payables are obligations to 1) pay for goods that have been acquired from suppliers and 2) pay to clients and clearing house for securities brokerage services in the ordinary course of business. Account payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.20 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statements over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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

2.21 BORROWING COSTS

All borrowing costs are recognised in consolidated income statement in the year in which they are incurred.

2.22 CURRENT AND DEFERRED INCOME TAX

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

(a) Current income tax

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

2.22 CURRENT AND DEFERRED INCOME TAX *(Continued)*

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint arrangements. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associates' or joint arrangements' undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

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

2.23 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 REVENUE RECOGNITION (APPLICABLE FROM 1 APRIL 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) *Sales of goods*

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

2.24 REVENUE RECOGNITION (APPLICABLE FROM 1 APRIL 2018) *(Continued)*

Revenue from contracts with customers *(Continued)*

(b) Provision of initial public offering sponsor services

The performance obligation is satisfied at a point in time when all the relevant duties of a sponsor as stated in the contract are completed.

(c) Provision of financial advisory services

The performance obligations for financial advisory services are fulfilled when all the relevant duties of an advisor as stated in the contract are satisfied.

Financial advisory services' performance obligations are satisfied over time as services are rendered if the customer simultaneously receives and consumes the benefits provided by the Group. These services are charged at agreed fee billed on a mutually basis (e.g. regular period).

(d) Provision of underwriting and placing services

The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Commission income from underwriting and placing is recognised when the underlying securities are being written or placed.

(e) Provision of securities brokerage services

The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Commission income on securities dealing and broking is generally due within two days after trade date.

Revenue from other sources

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

2.25 REVENUE RECOGNITION (APPLICABLE BEFORE 1 APRIL 2018)

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or sale of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. Deposits received in advance from customers for goods that have not been delivered are recognised as "Receipt in advance" in the consolidated statement of financial position.

(b) Interest income

Interest income from money lending business and securities brokerage business is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial asset.

(c) Service income

Sponsor income and advisory, placing and underwriting fees are recorded as income in accordance with the terms of the underlying agreements and when the relevant significant acts have been completed.

(d) Commission income

Commission income from securities brokerage business is recognised on the transaction dates when the relevant contract notes are exchanged.

2.26 CONTRACT LIABILITIES (APPLICABLE FROM 1 APRIL 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.27 EMPLOYEE BENEFITS

(a) Pension obligations

The Group participates in general defined contribution pension schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

In accordance with the rules and regulations in the People's Republic of China ("PRC"), the PRC based employees of the subsidiary participate in various defined contribution retirement benefit, housing fund, medical insurance and unemployment fund plans organised by the relevant municipal and provincial governments in the PRC under which the subsidiary and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised in profit or loss as employee benefit expenses when they are incurred.

(b) Bonus plans

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) Employee leave entitlements

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 date of the consolidated statement of financial position. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.28 SHARE-BASED PAYMENTS

(a) Equity-settled share-based payment transactions

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

2.28 SHARE-BASED PAYMENTS *(Continued)*

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

- including any market performance conditions (for example, an entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holdings shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of options or awarded shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options or awarded shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

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

After vesting, when the share options are forfeited before expiry or expire, the amount previously recognised in "employee share-based compensation reserve" will be transferred to "retained earnings".

For the share award scheme, the Group may purchase its own shares through the trustee of the share award scheme from the open market for the shares to be vested under the share award scheme. The shares purchased by the Group that are not yet vested for this share award scheme were recorded as treasury shares and recorded as "Shares held for share award scheme" as a deduction under equity. Upon vesting of the awarded shares, the related costs of the purchased shares are reduced from the "Shares held for share award scheme", and the related fair value of the awarded shares are debited to share-based compensation reserve with the difference charged/credited to equity.

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted (loss)/earnings per share.

2.29 LEASES

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

2.30 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.31 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.32 RELATED PARTIES

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 that person

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

(ii) has significant influence over the Group; or

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

or

(b) the party is an entity where 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 of a parent, subsidiary or fellow subsidiary of the other entity);

(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); and

(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.

2.33 BANK BALANCES HELD ON BEHALF OF CLIENT

A subsidiary of the Company maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The subsidiary has classified the clients' monies as client trust bank balances under the current assets in the consolidated statement of financial position as the subsidiary is allowed to retain some or all of the interest income on the clients' monies and recognised corresponding account payables to the respective customers in the current liabilities clients on grounds that it is liable for any loss or misappropriation of clients' monies. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the subsidiary is not allowed to use the clients' monies to settle its own obligation.

2.34 FAIR VALUE MEASUREMENT

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used any derivative financial instruments to hedge its risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong and Mainland China and most of their transactions are denominated in Hong Kong dollar ("HK$"), Renminbi ("RMB") and United States dollar ("US$"). The Group is exposed to foreign exchange risk primarily through expenses transactions that are denominated in currencies other than the functional currencies of the group companies. The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant.

At 31 March 2019, if Hong Kong dollar had weakened/strengthened by 5% (2018: 5%) against RMB with all other variables held constant, pre-tax loss for the year would have been HK$1,333 lower/higher (2018: pre-tax profit for the year have been HK$205 lower/higher), primarily due to exchange gain/loss (2018: loss/gain) arising from revaluation of net RMB denominated monetary assets (2018: net RMB denominated monetary liabilities).

As the HK$ is pegged to the US$, the Group does not expect any significant movements in the US$/HK$ exchange rate.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to equity securities price risk from equity instruments held by the Group which is classified in the consolidated statement of finance position as financial assets at fair value through profit or loss. Price risk is the risk of changes in fair value of financial instruments from fluctuations, whether such a change in price is caused by factors specific to the individual instrument or factors affecting all instruments traded in the markets. The Group mitigates its price risk by performing detailed due diligence analysis of investments and dedicated professionals are assigned to oversee and monitor the performance of investments.

At 31 March 2019, if the equity price of financial assets at fair value through profit or loss had been 5% higher/lower, with all other variables held constant, the Group's loss after tax for the year ended 31 March 2019 would have decreased/increased approximately by HK$39,000 (2018: profit after tax would have increased/decreased approximately by HK$90,000).

(iii) Cash flow interest rate risk

The Group's interest rate risk arises mainly from bank borrowings. Bank borrowings carried at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash at banks held at variable rates.

The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk exposure. Management monitors interest rate fluctuations to ensure that exposure to interest rate risk is within an acceptable level.

Based on the sensitivity analysis performed by management, if interest rates had been 100 (2018: 100) basis points higher/lower on the Group's bank borrowings with all other variable held constant, pre-tax loss for the year would have been HK$1,565,000 higher/lower (2018: pre-tax profit would have been HK$361,000 lower/higher).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk at group level and has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

The credit risk on liquid funds, including cash and cash equivalents and bank balances held on behalf of clients, is limited because cash at banks are placed with reputable financial institutions in Hong Kong and the PRC which management believes are of sound credit quality and without major credit risk.

The Group has concentrations of credit risk from account receivables from its customers of the trading business. The Group manages and analyses the credit risk for each of their new and existing customers before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the customers based on their financial positions, past experience and other factors. The Group's five largest customers of the trading business in aggregate accounted for all (2018: all) of the Group's total gross account receivables of the trading business at 31 March 2019. Management does not expect any losses from non-performance by these counterparties. The Group maintains frequent communications with these customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. Settlements from these customers are closely monitored on an ongoing basis by management of the Group to ensure any overdue debts are identified. Follow-up action is taken to recover the overdue debts.

For the Group's money lending business which was only started in the year ended 31 March 2017, the Group manages and analyses the credit risk by making reference to the financial strength, purpose of borrowing, and repayment ability of each of the borrower before incepting business with them. The Group also reviews the latest financial capabilities of the borrowers in determining whether there is credit risk on the loan receivables at any point in time.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

The Group considers the loan and respective interest receivables as loss if the repayment of principal and/or interest has been overdue for a pro-longed period and the collection of principal and interest in full is considered improbable after exhausting all collection efforts such as initiation of legal proceedings. Interest income from the top five loan receivables constituted approximately 0.2% (2018: 1.0%) of the Group's revenue for the year ended 31 March 2019. They accounted for approximately 100% (2018: 51%) of the gross loan receivables balances as at 31 March 2019.

The Group has concentrations of credit risk from account receivables from its customers of the securities business. The Group's five largest customers (excluding clearing house) of the securities business in aggregate accounted for 97% (2018: 92%) of the Group's total gross account receivables (excluding clearing house) of the securities business at 31 March 2019. The Group maintains frequent communications with these customers and reviews the recoverable amount for each individual account receivable of the securities business at each reporting date to ensure that adequate allowance for impairment is made for irrecoverable amounts.

Maximum exposure as at 31 March 2019

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2019. The amounts presented are gross carrying amounts for financial assets.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

Maximum exposure as at 31 March 2019 *(Continued)*

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Loan receivables					
– Not yet past due	15,300	–	7,000	–	22,300
Trade receivables included in account receivables*	–	–	–	123,227	123,227
Cash client receivables included in account receivables					
– LTV at 100% or above	–	–	42,885	–	42,885
– LTV less than 100%	58,836	–	–	–	58,836
Due from clearing house					
– Not yet past due	763	–	–	–	763
Financial assets included in deposits, prepayments and other receivables					
– Not yet past due	2,184	–	525	–	2,709
Bank balances held on behalf clients					
– Not yet past due	17,837	–	–	–	17,837
Cash and cash equivalents					
– Not yet past due	201,704	–	–	–	201,704
	296,624	–	50,410	123,227	470,261

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 12(b) to the consolidated financial statements.

Maximum exposure as at 31 March 2018

Credit risk is managed at group level. Credit risk primarily arises from account, loan and interest receivables, other receivables, deposits, bank balance held on behalf of clients, and cash and cash equivalents included in the consolidated statement of financial position which represent the Group's maximum exposure to credit risk in relation to its financial assets.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

With prudent liquidity risk management, the Group aims to maintain sufficient cash and cash equivalents and ensure the availability of funding through an adequate amount of available financing, including short-term bank borrowings.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. Balances due within twelve months other than bank borrowings equal their carrying balances, as the impact of discounting is not significant.

	On demand	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2019					
Account payables and other payables (excluding non-financial liabilities)	17,834	2,452	–	–	20,286
Bank borrowings	195,082	–	–	–	195,082
	212,916	2,452	–	–	215,368

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

	On demand	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2018					
Account payables and other payables (excluding non-financial liabilities)	24,543	1,984	–	–	26,527
Bank borrowings	42,051	–	–	–	42,051
	66,594	1,984	–	–	68,578

3.2 Capital risk management

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital (the sum of total equity and net debt), as shown in the consolidated statement of financial position. Net debt is calculated as total bank borrowings less cash and cash equivalents.

The Group's strategy was to maintain a solid capital base to support the operations and development of its business in the long term. The gearing ratios as at 31 March 2019 and 2018 were as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Bank borrowings (Note 22)	**156,513**	36,124
Less: Cash and cash equivalents (Note 15)	**(201,704)**	(200,254)
Net debt	**(45,191)**	(164,130)
Total equity	**635,322**	539,041
Total capital	**590,131**	374,911
Gearing ratio	**N/A**	N/A

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value and fair value hierarchy of financial instruments

(a) *Financial instruments measured at fair value*

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

	Fair value measurements using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2019				
Financial assets at fair value through profit or loss	786	–	–	786

	Fair value measurements using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2018				
Financial assets at fair value through profit or loss	1,808	–	–	1,808

During the year, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2018: nil)

(b) *Financial instruments not measured at fair value*

The carrying amounts of the Group's other financial instruments including cash and cash equivalents, bank balances held on behalf of clients, loan receivables, account receivables, financial assets included in deposits, prepayments and other receivables, account payables, bank borrowings and financial liabilities included in other payables and accrued expenses approximate their respective fair values.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of recognition of revenue from contracts with customers:

(i) Identification of the performance obligations, recognition of revenue over time versus at a point in time, and choosing an appropriate method of measuring progress of IPO sponsor service.

As IPO sponsor services are usually highly interdependent and interrelated, the Group treats all IPO sponsor services promised in the contract as a single performance obligation.

In determining the timing of satisfaction of the performance obligation, the Group examines its services on a contract by contract basis and considers if it has a right to payment at an amount that reasonably compensates it for its performance satisfied to date at all times throughout the contract.

For IPO sponsor fee income, the fee will only be recognised when the single performance obligation is satisfied.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

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

(a) Provision for ECL allowance on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Note 12 to the consolidated financial statements.

(b) Provision for ECL allowance on other financial assets measured at amortised cost

The Group calculate ECL allowance for other financial assets measured at amortised cost, including loan receivable, cash clients receivables and interest receivables, based on the estimated probability of default of counterparties with similar credit ratings, with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate. At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition or considers a financial asset in default. Further details are set out in Note 2.9.3 to the consolidated financial statements.

The information about the ECLs on the Group's other financial assets measured at amortised cost is disclosed in Notes 11 and 12 to the consolidated financial statements.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(c) Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives, and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable and amortisable lives and therefore affect the depreciation and amortisation charges in future periods.

(d) Current and deferred income tax

The Group is principally subject to income taxes both in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Deferred income tax assets relating to temporary differences are recognised when management expects it is probable that future taxable profits will be available to utilise against the temporary differences. Where the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets in the period in which such estimates have been changed.

(e) Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(f) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7(a) to the consolidated financial statements. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations required the use of estimates (Note 7).

(g) Share-based compensation

The Group operates a share-based compensation plan under which the Group receives services from employees as consideration for equity instruments of the Company. The plan comprise share option schemes and a share award scheme. The fair value of the employee services received in exchange for the grant of the options and the award shares is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options and awarded shares granted as at the date of grant: (i) including any market performance conditions; (ii) excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets); and (iii) including the impact of any non-vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and awarded shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options and awarded shares that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

5 REVENUE AND SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Revenue from contracts with customers (Note i)	**831,727**	–
Sales of goods	**–**	648,258
Service income		
– Provision of IPO sponsor services	**–**	20,593
– Provision of financial advisory services	**–**	1,802
– Provision of underwriting and placing services	**–**	1,021
	–	23,416
Commission income		
– Provision of securities brokerage services	**–**	149
Revenue from other sources		
Interest income calculated using the effective interest method from:		
– loan receivables	**4,906**	10,694
– cash client receivables	**7,919**	893
	12,825	11,587
Total revenue	**844,552**	683,410

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue *(Continued)*

(i) *Disaggregated revenue information for revenue from contracts with customers*

	Year ended 31 March 2019 HK$'000
Type of goods or services	
Sales of goods	809,978
Service income	
– Provision of IPO sponsor services	17,932
– Provision of financial advisory services	962
– Provision of underwriting and placing services	2,442
	21,336
Commission income	
– Provision of securities brokerage services	413
	831,727

Revenue recognised in service income for provision of IPO sponsor services that was included in contract liabilities at the beginning of the reporting period was HK$11,678,000.

Segment information

The chief operating decision-maker has been identified as the executive directors of the Company ("CODM"). The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segment based on these reports.

During the year ended 31 March 2019, the Group has changed the structure of its internal organisation in a manner that changes the compositions of its reportable segments by combining corporate finance advisory business and securities brokerage business. The CODM considers that the Group has three operating and reporting segments which are (i) computer and peripheral products business, (ii) financial services business (including corporate finance advisory business and securities brokerage business) and (iii) money lending business. As a result, the corresponding information for the year ended 31 March 2018 has been restated.

The CODM assesses the performance of the operating segments based on adjusted operating profit/(loss). Expenses, where appropriate, are allocated to operating segments with reference to revenue contributions of the respective segments. Unallocated expenses are not included in the result for each operating segment that is reviewed by the CODM.

Segment assets consist primarily of intangible assets, account receivables, loan receivables, allocated deposits, prepayments and other receivables where appropriate, financial assets at fair value through profit or loss and bank balances held on behalf of clients. They exclude investment accounted for using equity method, cash and cash equivalents, property, plant and equipment, deferred income tax assets, income tax recoverable and other unallocated assets, which are managed centrally.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment liabilities consist primarily of account payables, allocated bank borrowings where appropriate, allocated other payables and accrued expenses where appropriate and contract liabilities. They exclude deferred tax liabilities, current income tax liabilities and other unallocated liabilities, which are managed centrally.

	For the year ended 31 March 2019			
	Computer and peripheral products business HK$'000	**Financial services business** HK$'000	**Money lending business** HK$'000	**Total** HK$'000
Revenue from external customers	809,978	29,668	4,906	844,552
Cost of sales from external customers	(788,222)	–	–	(788,222)
	21,756	29,668	4,906	56,330
Selling expenses	(485)	–	–	(485)
General and administrative expenses	(11,521)	(22,785)	(391)	(34,697)
Expected credit loss on financial assets, net	(99)	(30,185)	(7,289)	(37,573)
Other gains, net	352	1,762	–	2,114
Finance costs	(1,278)	–	–	(1,278)
Adjusted operating profit/(loss)	8,725	(21,540)	(2,774)	(15,589)
Unallocated expenses				(21,987)
Loss before income tax				(37,576)
Income tax credit				2,859
Loss for the year				(34,717)

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	For the year ended 31 March 2018 (restated)			
	Computer and peripheral products business HK$'000	**Financial services business** HK$'000	**Money lending business** HK$'000	**Total** HK$'000
Revenue from external customers	648,258	24,458	10,694	683,410
Cost of sales from external customers	(627,193)	(250)	–	(627,443)
	21,065	24,208	10,694	55,967
Selling expenses	(644)	–	–	(644)
General and administrative expenses	(8,105)	(6,901)	(421)	(15,427)
Other gains/(losses), net	517	(575)	–	(58)
Finance costs	(477)	–	–	(477)
Adjusted operating profit	12,356	16,732	10,273	39,361
Unallocated expenses				(26,189)
Profit before income tax				13,172
Income tax expense				(3,961)
Profit for the year				9,211

Interest revenue of HK$12,825,000 (2018: HK$11,587,000) was included in revenue from external customers, contributed by money lending business segment of HK$4,906,000 (2018: HK$10,694,000) and financial services business segment of HK$7,919,000 (2018: HK$893,000), respectively.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

The following table presents segment assets and segment liabilities.

31 March 2019

	Computer and peripheral products business HK$'000	Financial services business HK$'000	Money lending business HK$'000	Total HK$'000
Segment assets	284,420	167,239	30,448	482,107
Segment liabilities	73,915	18,212	–	92,127
Capital expenditure	12,089	79	–	12,168

31 March 2018 (restated)

	Computer and peripheral products business HK$'000	Financial services business HK$'000	Money lending business HK$'000	Total HK$'000
Segment assets	241,108	207,528	69,094	517,730
Segment liabilities	37,583	25,015	–	62,598
Capital expenditure	43	41	–	84

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

The reconciliations of segment assets to total assets and segment liabilities to total liabilities are provided as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Segment assets	**482,107**	517,730
Cash and cash equivalents	**15,569**	476
Property, plant and equipment	**275,378**	43,027
Deposits, prepayments and other receivables	**1,018**	41,698
Deferred tax assets	**8,292**	3,880
Investment accounted for using equity method	**30,000**	–
Income tax recoverable	**1,552**	832
Total assets	**813,916**	607,643
Segment liabilities	**92,127**	62,598
Deferred tax liabilities	**310**	500
Current income tax liabilities	**1,127**	5,451
Bank borrowings	**84,610**	–
Other unallocated liabilities	**420**	53
Total liabilities	**178,594**	68,602

Majority of the Group's revenue were derived from Hong Kong.

Revenue from the top five customers for all reportable segments is as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Revenue from top five customers	**810,059**	646,852
Total revenue	**844,552**	683,410
Percentage	**96%**	95%
Number of customers that individually accounted for more than 10% of the Group's revenue	**2**	2

For the year ended 31 March 2019, there were two customers that individually accounted for approximately 81% and 13% (2018: two customers – 80% and 11%) of the Group's revenue respectively. These customers belong to the Group's computer and peripheral products business.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

The Group's total non-current assets (excluding financial instruments, deferred tax assets and investment accounted for using equity method) are located in the following regions:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Hong Kong	**341,831**	145,904
The PRC	**1,342**	128
	343,173	146,032

6 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK$'000	Leasehold improvements HK$'000	Machineries HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2019							
Opening net book amount	42,478	229	64	200	396	1,148	44,515
Additions	239,847	9,966	–	1,182	1,020	2,004	254,019
Disposals	–	–	(46)	(10)	–	(52)	(108)
Depreciation (Note 23)	(9,109)	(460)	(14)	(125)	(173)	(821)	(10,702)
Exchange realignment	–	–	(4)	–	–	43	39
Closing net book amount	273,216	9,735	–	1,247	1,243	2,322	287,763
At 31 March 2019							
Cost	292,153	12,021	–	1,532	1,608	3,226	310,540
Accumulated depreciation	(18,937)	(2,286)	–	(285)	(365)	(904)	(22,777)
Net book amount	273,216	9,735	–	1,247	1,243	2,322	287,763
31 March 2018							
Opening net book amount	43,882	315	72	74	187	1,364	45,894
Additions	–	–	–	74	10	–	84
Disposals	–	–	–	–	–	(8)	(8)
Depreciation (Note 23)	(1,404)	(86)	(15)	(27)	(52)	(566)	(2,150)
Acquisition of a subsidiary (Note 35)	–	–	–	79	251	350	680
Exchange realignment	–	–	7	–	–	8	15
Closing net book amount	42,478	229	64	200	396	1,148	44,515
At 31 March 2018							
Cost	52,306	2,055	393	455	609	3,891	59,709
Accumulated depreciation	(9,828)	(1,826)	(329)	(255)	(213)	(2,743)	(15,194)
Net book amount	42,478	229	64	200	396	1,148	44,515

6 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group's interests in leasehold properties are analysed as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
In Hong Kong, held on:		
Leases of between 10 and 50 years	**273,216**	42,478

Depreciation of the Group's property, plant and equipment of HK$10,702,000 (2018: HK$2,150,000) was included in general and administrative expenses in the consolidated income statement.

At 31 March 2019, the Group's leasehold property with a net carrying amount of HK$273,216,000 (2018: HK$42,478,000) was pledged to secure general banking facilities granted to the Group (Note 22).

7 INTANGIBLE ASSETS

	Goodwill	Money lending license	Customer relationship contract	Total
	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2019				
Opening net book amount	56,654	1,135	2,588	60,377
Amortisation (Note 23)	–	(341)	(900)	(1,241)
Impairment (Note 23)	(4,641)	–	–	(4,641)
Closing net book amount	52,013	794	1,688	54,495
At 31 March 2019				
Cost	56,654	1,703	2,756	61,113
Accumulated amortisation and impairment	(4,641)	(909)	(1,068)	(6,618)
Net book amount	52,013	794	1,688	54,495
31 March 2018				
Opening net book amount	4,641	1,476	45	6,162
Acquisition of a subsidiary (Note 35)	52,013	–	2,700	54,713
Amortisation (Note 23)	–	(341)	(157)	(498)
Closing net book amount	56,654	1,135	2,588	60,377
At 31 March 2018				
Cost	56,654	1,703	2,756	61,113
Accumulated amortisation and impairment	–	(568)	(168)	(736)
Net book amount	56,654	1,135	2,588	60,377

For the year ended 31 March 2019, amortisation charge of HK$1,241,000 (2018: HK$498,000) was included in general and administrative expenses in the consolidated income statement.

7 INTANGIBLE ASSETS *(Continued)*

Money lending license

In July 2016, the Group acquired a money lending license in Hong Kong through acquisition of a Hong Kong incorporated company. The money lending license has a legal life of one year but is renewable at insignificant cost. The directors of the Company are of the opinion that the Group could renew the money lending license and maintain the license continuously. At the end of the reporting period, the remaining amortisation period of the money lending license is 28 months (2018: 40 months).

Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of the customer relationship.

The useful life of customer relationship recognised during acquisition of Huabang Securities Limited ("Huabang Securities") was three years. At the end of the reporting period, the remaining amortisation period of the contractual customer relationship of Huabang Securities is 22.5 months (2018: 34.5 months).

The useful life of customer relationship recognised during acquisition of Huabang Corporate Finance Limited ("Huabang Corporate Finance") was ten months. During the year ended 31 March 2018, the contractual customer relationship of Huabang Corporate Finance was fully amortised.

7 INTANGIBLE ASSETS *(Continued)*

Goodwill

The table below sets out the information for the goodwill allocated to the following CGUs:

	Corporate finance cash-generating unit HK$'000	Securities brokerage cash-generating unit HK$'000
At 1 April 2017		
Cost	4,641	–
Accumulated impairment	–	–
Net carrying amount	4,641	–
Cost at 1 April 2017, net of accumulated impairment	4,641	–
Acquisition of a subsidiary	–	52,013
At 31 March 2018	4,641	52,013
At 1 April 2018		
Cost	4,641	52,013
Accumulated impairment	–	–
Net carrying amount	4,641	52,013
Cost at 1 April 2018, net of accumulated impairment	4,641	52,013
Less: Impairment	(4,641)	–
Cost and net carrying amount at 31 March 2019	–	52,013
At 31 March 2019		
Cost	4,641	52,013
Accumulated impairment	(4,641)	–
Net carrying amount	–	52,013

7 INTANGIBLE ASSETS *(Continued)*

Goodwill (Continued)

Impairment tests for goodwill

Goodwill acquired through business combinations is allocated to the following CGUs for impairment testing:

- Corporate finance cash-generating unit; and

- Securities brokerage cash-generating unit.

Corporate finance cash-generating unit

The Group recognised goodwill of HK$4,641,000 during the year ended 31 March 2017 as a result of acquisition of the equity interest in Huabang Financial Limited ("Huabang Financial"). Huabang Financial is an investment holding company. Its wholly-owned subsidiary, Huabang Corporate Finance, is principally engaged in the corporate finance advisory business in Hong Kong (the "Corporate Finance CGU").

Securities brokerage cash-generating unit

The Group recognised goodwill of HK$52,013,000 during the year ended 31 March 2018 as a result of acquisition of the equity interest in Huabang Securities. Huabang Securities is principally engaged in the securities brokerage business in Hong Kong (the "Securities Brokerage CGU").

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management. Cash flows beyond the one-year period are projected for the next four-year period using the estimated growth in revenue and gross profit margin. Thereafter, the cash flows are extrapolated using the terminal growth rate not exceeding the long-term average growth rate for the business in which the CGUs operate.

7 INTANGIBLE ASSETS *(Continued)*

Goodwill (Continued)

For the significant amount of goodwill arisen from the CGUs, the key assumptions used for value-in-use calculations are as follows:

	As at 31 March	
	2019	2018
Corporate finance CGU		
Revenue growth rate	**N/A**	3.0%
Terminal growth rate	**N/A**	3.0%
Discount rate (pre-tax)	**23.2%**	20.6%

In the view of the reduced business activities forecasted for the corporate finance business in the foreseeable future, management considers the value in use of the Corporate Finance CGU, as included in the financial services business segment, is lower than its carrying amount. Accordingly, the goodwill is impaired and an impairment loss of HK$4,641,000 is recognised in profit or loss for the year ended 31 March 2019 (2018: nil).

	As at 31 March	
	2019	2018
Securities brokerage CGU		
Revenue growth rate	**0.8%-35%**	1.7%-30.8%
Terminal growth rate	**3%**	3.0%
Discount rate (pre-tax)	**16.4%**	17.5%

Management determined the budgeted revenue based on their expectations of market developments with the growth rates being estimated based on the industry forecasts and management's expectations. The terminal growth rate is based on the expected inflation rate. The discount rates reflect specific risks relating to the relevant operating segments.

As at 31 March 2019, the estimated recoverable amount of the Securities brokerage CGU exceeded its carrying values and the directors are of the opinion that there was no impairment of goodwill as at 31 March 2019 (31 March 2018: nil).

8 SUBSIDIARIES

The following is a list of the principal subsidiaries:

Name	Place and date of incorporation	Principal activities	Particulars of issued registered/ paid up capital	Interest held 2019	Interest held 2018
Directly owned:					
Golden Profit Global Trading Limited	British Virgin Islands ("BVI"), 16 November 2010	Investment holding	US$10,000	100%	100%
Indirectly owned:					
Top Harvest Capital Limited	BVI, 4 January 2011	Property holding	US$100	100%	100%
Goldenmars Technology (Hong Kong) Limited	Hong Kong, 26 April 2005	Assembling and trading of electronic components and products	HK$43,000,000	100%	100%
Huabang Finance Limited	Hong Kong, 27 August 2015	Money lending business	HK$10,000	100%	100%
Huabang Financial Investments Limited	BVI, 26 May 2017	Property holding	US$100	100%	100%
Huabang Corporate Finance Limited	Hong Kong, 27 August 2015	Corporate finance advisory business	HK$15,000,000	100%	100%
Huabang Securities Limited*	Hong Kong, 4 July 1996	Securities brokerage business	HK$97,500,000	100%	100%

* The date of the end of the reporting period of the financial statements of Huabang Securities is 31 December.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

9 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	As at 31 March	
	2019	2018
	(Note a)	(Note b)
	HK$'000	HK$'000
At beginning of the year	**–**	–
Share of loss for the period	**–**	–
Investment in equity interest in an investment accounted for using equity method	**30,000**	–
Disposal of equity interest in an investment accounted for using equity method	**–**	–
At end of the year	**30,000**	–

Notes:

(a) On 5 March 2019, Goldenmars Technology (Hong Kong) Limited, an indirectly wholly-owned subsidiary of the Company, entered into an agreement with an independent third party, pursuant to which Goldenmars Technology (Hong Kong) Limited has agreed to invest in Become Brilliant Limited ("Become Brilliant") with a total investment of HK$40,000,000, to be satisfied by cash. At 31 March 2019, an amount of HK$30,000,000 was paid for the capital contribution and Goldenmars Technology (Hong Kong) Limited had a commitment of HK$10,000,000 relating to the future capital contribution payable to Become Brilliant.

On 20 May 2019, Goldenmars Technology (Hong Kong) Limited has fully paid for the capital commitment by cash.

During the period from 5 March 2019 to 31 March 2019, there was no share of profit nor loss recorded.

Particulars of the Group's associate are as follows:

			Percentage of			
Name	**Particulars of issued registered/ paid up capital**	**Place of incorporation**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activities**
Become Brilliant Limited	US$10	BVI	40%	40%	40%	Trading of electronic components and products

(b) On 11 May 2017, the Group has acquired 50% of equity interest in Huabang Qianhai Limited ("Huabang Qianhai") at cash consideration of US$50 (approximately HK$390). Huabang Qianhai (incorporated in BVI) and its wholly owned subsidiary, Huabang Qianhai Property Limited (incorporated in Hong Kong), are both inactive companies.

On 20 December 2018, the Group entered into an agreement with a related party to acquire the remaining 50% of equity interest in Huabang Qianhai at cash consideration of US$50 (approximately HK$390).

During the period from 1 April 2018 to 20 December 2018, there was no share of loss of investment accounted for using equity method recorded in the consolidated income statement (Year ended 31 March 2018: HK$390).

10 INVENTORIES

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Finished goods	**–**	2,266
Less: provision for impairment of inventories	**–**	(391)
Inventories, net	**–**	1,875

The cost of inventories recognised as expenses and included in cost of sales amounted to HK$788,222,000 (2018: HK$627,193,000), which did not include any impairment of inventories (2018: nil).

Movements in provision for impairment of inventories are as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Beginning of the year	**391**	391
Write-off of inventory	**(391)**	–
End of the year	**–**	391

11 LOAN RECEIVABLES

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Loan receivables	**22,300**	50,000
Less: Impairment		
– Stage 1	**(96)**	N/A
– Stage 2	**–**	N/A
– Stage 3	**(7,000)**	N/A
– Specific	**N/A**	–
	15,204	50,000

The Group's loan receivables, which arise from its money lending business in Hong Kong, are denominated in Hong Kong dollars, unsecured, bear fixed interest rate, and repayable within one year from the dates of inception of the loan agreements.

11 LOAN RECEIVABLES *(Continued)*

A maturity profile of the loan receivables as at the end of the reporting periods, based on the maturity date, net of impairment allowance, is as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Current – within one year	**15,204**	50,000

An aging analysis of the loan receivables as at the end of the reporting periods, based on the due date and net of impairment allowance, is as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Not past due	**15,204**	50,000
Past due over 90 days	**–**	–
	15,204	50,000

The following is the analysis of the gross carrying amount of the loan receivables as at 31 March 2019 by the past due date and year end classification:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Not past due	15,300	–	–	15,300
Past due over 90 days	–	–	7,000	7,000
	15,300	–	7,000	22,300

11 LOAN RECEIVABLES *(Continued)*

The movements in the impairment allowance of loan receivables are as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Impairment allowance under HKAS 39**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 April 2018	–	–	–	–	–
Effect of adoption of HKFRS 9	316	–	–	–	316
Transfer to stage 3	(44)	–	44	–	–
Change arising from transfer of stages	–	–	6,956	–	6,956
Others	(176)	–	–	–	(176)
As at 31 March 2019	96	–	7,000	–	7,096
ECL rate	0.63%	N/A	100.00%	N/A	31.82%

The increase in the impairment allowance during the year ended 31 March 2019 was because of transfer of a loan receivable of HK$7,000,000 from stage 1 to stage 3, resulting in an increase in impairment allowance of HK$6,956,000.

Impairment under HKAS 39 for the year ended 31 March 2018

Loan receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default. No provision for impairment of loan receivables has been made during the year ended 31 March 2018.

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Notes	As at 31 March 2019 HK$'000	2018 HK$'000
Non-current			
Account receivables arising from provision of corporate finance advisory services	(c)	–	1,000
Non-current deposits and prepayments for acquisition of a property, plant and equipment	(c)	–	41,140
Prepayment for leasehold improvements	(c)	**227**	–
Other non-current deposits	(c)	**483**	960
Other assets	(c)	**205**	205
Total account receivables, deposits, prepayments and other receivables presented as non-current assets		**915**	43,305
Current			
Trade receivables	(b)	**123,227**	107,784
Account receivables arising from provision of corporate finance advisory services	(c)	–	3,878
Cash client receivables	(a)	**101,721**	61,910
Due from clearing house	(c)	**763**	21
		225,711	173,593
Less: Impairment		**(32,707)**	–
Total account receivables presented as current assets		**193,004**	173,593
Prepayments		**872**	582
Due from related parties	(c)	–	25
Deposits and other receivables	(c)	**861**	227
Interest receivables	(c)	**1,160**	2,941
		2,893	3,775
Less: Impairment		**(529)**	–
Total deposits, prepayments and other receivables presented as current assets		**2,364**	3,775
Total account receivables, deposits, prepayments and other receivables		**196,283**	220,673

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Account receivables, deposits, prepayments and other receivables are denominated in the following currencies:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
HK$	**73,217**	112,803
RMB	**307**	92
US$	**122,759**	107,778
	196,283	220,673

Other than those disclosed in Note (a) below, the Group does not hold any collateral as security for other account receivables, deposits and other receivables.

Notes:

(a) Analysis of cash client receivables

The carrying amount of cash client receivables of the Group was as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Cash client receivables	**101,721**	61,910
Less: Impairment		
– Stage 1	**(22)**	N/A
– Stage 2	**–**	N/A
– Stage 3	**(31,904)**	N/A
– Specific	**N/A**	–
	69,795	61,910

(i) At 31 March 2019, the Group held securities with an aggregate fair value of HK$314,794,000 (2018: HK$281,175,000) as collaterals over the receivables. The cash client receivables are interest-bearing and have no fixed repayment terms.

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

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(a) Analysis of cash client receivables *(Continued)*

(ii) The following is the analysis of the gross carrying amount of the cash client receivables as at 31 March 2019 by LTV and year end classification:

	12-month ECLs	Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
LTV at 100% or above	–	–	42,885	42,885
LTV less than 100%	58,836	–	–	58,836
	58,836	–	42,885	101,721

For the gross receivables of stage 3 cash client receivables, fair value of marketable securities pledged was HK$15,688,000.

(iii) The movements in the impairment allowance of cash client receivables were as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Impairment allowance under HKAS 39**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 April 2018	–	–	–	–	–
Effect of adoption of HKFRS 9	5	–	1,713	–	1,718
New assets originated or purchased	22	–	–	–	22
Transfer to stage 3	(5)	–	5	–	–
Change arising from transfer of stages	–	–	6,999	–	6,999
Others	–	–	23,187	–	23,187
As at 31 March 2019	22	–	31,904	–	31,926
ECL rate	0.04%	N/A	74.39%	N/A	31.39%

The following significant changes in the gross carrying amounts of cash client receivables contributed to the increase in the impairment allowance during the year ended 31 March 2019:

- Increase in gross cash client receivables of HK$39,811,000, which was included origination of new client receivables and new drawdown from existing clients;
- Transfer of cash client receivables of HK$39,478,000 from stage 1 to stage 3, resulting in an increase in impairment allowance of HK$6,999,000; and
- Increase in stage 3 impairment allowance of HK$23,187,000 was mainly resulted from further deterioration in the fair value of collaterals during the year.

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(a) Analysis of cash client receivables *(Continued)*

Management has assessed the market value of the pledged securities of each individual client at the end of each reporting period. The collateral held can be sold at the Group's discretion to settle any outstanding amount owned by the cash client.

(b) Analysis of trade receivables

The carrying amount of trade receivables of the Group was as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Trade receivables	**123,227**	107,784
Less: Impairment	**(781)**	–
	122,446	107,784

(i) The Group grants credit period ranging from 1 day to 60 days (2018: from 1 day to 60 days) to the customers of trading business. The aging analysis of relevant trade receivables (mostly denominated in US$) at the date of consolidated statement of financial position based on invoice date and before impairment allowance is as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
1 – 30 days	**62,386**	74,080
31 – 60 days	**60,841**	33,697
61 – 90 days	**–**	–
Over 90 days	**–**	7
	123,227	107,784

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(b) Analysis of trade receivables *(Continued)*

(ii) The movements in the impairment allowance of trade receivables were as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
At beginning of year	**–**	–
Effect of adoption of HKFRS 9	**682**	–
At beginning of year (restated)	**682**	–
Impairment losses, net	**99**	–
At end of year	**781**	–

Impairment under HKFRS 9 for the year ended 31 March 2019

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by other forms of credit insurance if any). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the debtors have the indicators of bankruptcy.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2019

	Not past due	**Past due less than 1 month**	**Total**
Expected credit loss rate	0.63%	0.63%	0.63%
Gross carrying amount (HK$'000)	121,694	1,533	123,227
Expected credit losses (HK$'000)	771	10	781

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(b) Analysis of trade receivables *(Continued)*

Impairment under HKAS 39 for the year ended 31 March 2018

Included in the trade receivables of HK$54,000 were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The aging analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 March 2018 HK$'000
Neither past due nor impaired	107,730
1 – 30 days past due	47
31 – 60 days past due	–
61 – 90 days past due	–
Over 90 days past due	7
	107,784

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables

The carrying amount of account receivables, deposits and other receivables other than cash client receivables and trade receivables of the Group was as follows:

		As at 31 March	
	Notes	**2019**	2018
		HK$'000	HK$'000
Account receivables arising from provision of corporate finance advisory services	(1)	**–**	4,878
Non-current deposits and prepayments for acquisition of a property, plant and equipment	(2)	**–**	41,140
Prepayment for leasehold improvements		**227**	–
Other non-current deposits		**483**	960
Other assets	(3)	**205**	205
Due from clearing house	(4)	**763**	21
Due from related parties	36(b)	**–**	25
Other receivables	(5)	**861**	227
		2,539	47,456
Interest receivables	(6)	**1,160**	2,941
Less: Impairment	(6)	**(529)**	–
		631	2,941
Total		**3,170**	50,397

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(1) Analysis of account receivables arising from provision of corporate finance advisory services

The movements in the gross carrying amount for account receivables arising from provision of corporate finance advisory services are as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
At beginning of year	**4,878**	126
Effect of adoption of HKFRS 15	**(1,339)**	N/A
At beginning of year (restated)	**3,539**	126
Net changes during the year	**(1,295)**	4,752
Written off	**(2,244)**	–
At end of year	**–**	4,878

During the year ended 31 March 2019, HK$2,244,000 of account receivables arising from provision of corporate finance advisory services was fully impaired and written off because the directors of the Company believed that there is no reasonable expectation of recovering the contractual cash flows. The amount written off is not subject to enforcement activity.

The movements in the impairment allowance of account receivables arising from provision of corporate finance advisory services were as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
At beginning of year	**–**	–
Effect of adoption of HKFRS 9	**23**	–
At beginning of year (restated)	**23**	–
Written off	**(23)**	–
At end of year	**–**	–

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(1) Analysis of account receivables arising from provision of corporate finance advisory services (Continued)

During the year ended 31 March 2018, the Group grants credit period ranging from 1 day to 20 days to the customers of corporate finance advisory business. The aging analysis of relevant account receivables arising from provision of corporate finance advisory services at the date of consolidated statement of financial position based on invoice date and before impairment allowance is as follows:

	As at 31 March 2018 HK$'000
1 – 30 days *	4,739
31 – 60 days	–
61 – 90 days	–
Over 90 days	139
	4,878

* As at 31 March 2018, the balance represented unbilled revenues.

As at 31 March 2018, included in the account receivables arising from provision of corporate finance advisory services of HK$139,000 were past due but not impaired. These relate to a number of customers for whom there is no recent history of default.

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(2) Analysis of non-current deposits and prepayments for acquisition of a property, plant and equipment

On 11 January 2018, Huabang Financial Investments Limited ("Huabang Financial Investments"), an indirectly wholly-owned subsidiary of the Company, entered into a formal sales and purchase agreement with an independent third party, pursuant to which Huabang Financial Investments has agreed to purchase a property located in Hong Kong, at a consideration of HK$219,765,000, to be satisfied by cash. At 31 March 2018, non-refundable deposits and other prepayments totaling HK$41,140,000 was paid for the acquisition of the property.

The transaction was completed on 18 April 2018 in accordance with the terms and conditions of the sales and purchase agreement.

(3) Analysis of other assets

The gross carrying amount of other assets of the Group was as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Hong Kong Securities Clearing Company Limited ("HKSCC")		
– guarantee fund deposit	**50**	50
– admission fee	**50**	50
The Stock Exchange of Hong Kong Limited (the "Stock Exchange")		
– compensation fund deposit	**50**	50
– fidelity fund deposit	**50**	50
– stamp duty deposit	**5**	5
	205	205

As at 31 March 2019 and 2018, all other assets were not past due.

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(4) Analysis of due from clearing house

The settlement terms of receivables arising from the ordinary course of business of dealing in securities from clearing house are within two days after trade date. Clearing house receivables are neither past due nor impaired and represent unsettled trades transacted on the last two days prior to the end of each financial year and solely related to the HKSCC for which there is limited risk of default.

In presenting the amounts due from HKSCC, the Group has offset the gross amount of the account receivables from and the gross amount of the account payable to HKSCC. Further details are set out in Note 32 to the consolidated financial statements.

No aging analysis is disclosed for account receivables from clearing house as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

As at 31 March 2019 and 2018, the amount due from clearing house was not past due.

(5) Analysis of other receivables

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

As at 31 March 2019 and 2018, all other receivables were not past due.

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(6) Analysis of interest receivables

The Group's interest receivables, which arise from the money lending business, are denominated in Hong Kong dollars and repayable at terms as agreed with the borrowers.

An aging analysis of the interest receivables as at the end of the reporting periods, based on the due date and net of impairment allowance, is as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Not past due	**631**	2,941
Past due over 90 days	**–**	–
	631	2,941

The following is the analysis of the gross carrying amount of the interest receivables as at 31 March 2019 by the past due date and year end classification:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Not past due	635	–	–	635
Past due over 90 days	–	–	525	525
	635	–	525	1,160

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(c) Analysis of account receivables, deposits and other receivables other than cash client receivables and trade receivables *(Continued)*

(6) Analysis of interest receivables *(Continued)*

The movements in the impairment allowance of interest receivables are as follows:

	Stage 1	Stage 2	Stage 3	Impairment allowance under HKAS 39	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 April 2018	–	–	–	–	–
Effect of adoption of HKFRS 9	20	–	–	–	20
Transfer to stage 3	(3)	–	3	–	–
Change arising from transfer of stages	–	–	522	–	522
Others	(13)	–	–	–	(13)
As at 31 March 2019	4	–	525	–	529
ECL rate	0.63%	N/A	100.00%	N/A	45.60%

The increase in the impairment allowance during the year ended 31 March 2019 was because of transfer of an interest receivable of HK$525,000 from stage 1 to stage 3, resulting in an increase in impairment allowance of HK$522,000.

As at 31 March 2018, all interest receivables were neither past due nor impaired.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Investments designated at fair value through profit or loss:		
Listed equity securities – Hong Kong	**786**	1,808
	786	1,808

The above equity investments as at 31 March 2019 were classified as financial assets at fair value through profit or loss as they were held for trading.

14 BANK BALANCES HELD ON BEHALF OF CLIENTS

The Group maintains segregated trust accounts with licensed banks to hold clients' monies in accordance with the relevant legislation. The Group has classified the clients' monies as bank balances held on behalf of clients in current assets of the consolidated statement of financial position and recognised the corresponding account payables to respective clients in current liabilities of the consolidated statement of financial position. The Group is allowed to retain interest on the clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

As at 31 March 2019, no impairment was made on bank balances held on behalf of clients (2018: nil).

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Cash on hand		
HK$	**32**	49
US$	**20**	–
Israeli: Shekel ("ILS")	**6**	–
	58	49
Cash at banks		
HK$	**86,491**	131,629
RMB	**3,460**	30
New Taiwan Dollar ("TWD")	**25**	26
US$	**111,670**	68,520
	201,646	200,205
	201,704	200,254

The effective interest rate on cash at bank was 0.5% (2018: 0.1%) per annum.

The conversion of bank and cash balances denominated in RMB into foreign currencies in the PRC and the remittance of these deposits or cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 March 2019, the Group's cash at banks of approximately HK$3,444,000 (2018: HK$14,000) was deposited at banks in the PRC.

As at 31 March 2019, no impairment was made on cash and cash equivalents (2018: nil).

16 SHARE CAPITAL

Authorised shares:

As at 31 March 2019, the total authorised number of ordinary shares is 96,000 million shares (2018: 96,000 million shares) with a par value of HKHK0.0008333 per share (2018: HK$0.0008333 per share).

Issued shares:

	Number of shares '000	**Share capital** HK$'000
As at 1 April 2017	3,856,560	3,214
Share options exercised	1,932	2
Issuance of consideration shares for acquisition of a subsidiary (Note a)	231,000	192
As at 31 March 2018	4,089,492	3,408
As at 1 April 2018	4,089,492	3,408
Issue of new shares through placing (Note b)	300,510	250
Shares repurchased and cancelled (Note c)	(5,220)	(4)
As at 31 March 2019	4,384,782	3,654

Notes:

(a) Goldenmars Technology Investments Limited entered into a sales and purchase agreement with an independent third party, pursuant to which Goldenmars Technology Investments Limited agreed to acquire 100% equity interest in Huabang Securities, at a consideration of HK$180,150,000, to be satisfied by cash of HK$30,000,000 and the allotment and issue of 231,000,000 shares of the Company.

(b) On 31 July 2018, the Company issued 300,510,000 ordinary shares of HK$0.0008333 each at price of HK$0.50 each through placement for an aggregate consideration of approximately HK$150,255,000.

16 SHARE CAPITAL *(Continued)*

Notes: *(continued)*

(c) During the year ended 31 March 2019, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchases	Number of ordinary shares of HK$0.0008333 each	Price paid per share		Aggregate consideration paid (including expenses)
		Highest HK$	Lowest HK$	HK$'000
September 2018	1,020,000	0.5200	0.4350	456
October 2018	2,304,000	0.5100	0.3950	1,018
November 2018	600,000	0.4300	0.3900	242
January 2019	1,188,000	0.3800	0.3500	439
February 2019	108,000	0.3800	0.3700	40
	5,220,000			2,195

The Company cancelled 3,324,000 ordinary shares and 1,896,000 ordinary shares on 8 November 2018 and 29 March 2019, respectively.

During the year ended 31 March 2018, no share was repurchased by the Company through the Stock Exchange.

17 SHARE-BASED PAYMENTS

(a) Share options

On 21 August 2013 (the "Date of Adoption"), the Company conditionally approved a share option scheme (the "Share Option Scheme") under which options will be granted to eligible persons to subscribe for shares of the Company at subscription price which should not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a trading day ("Offer Date"); (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Company's shares, provided that for the purpose of calculating the subscription price, where the Company has been listed for less than five trading days, the issue price shall be used as the closing price for any business day falling within the period before listing.

On 21 December 2016, the Group announced the granting of a total of 288,000,000 share options to selected employees and directors under the Share Option Scheme and 203,000,000 share options ("ESO1") have been approved and granted to the employees and some directors on the same date. The remaining 85,000,000 ("ESO2") share options have been subsequently approved and granted to the remaining director in an extraordinary general meeting held on 24 February 2017. The exercise price of the granted options is HK$0.55 per share.

For the ESO1 granted on 21 December 2016, details of the validity period and vesting period of share options are as follows:

(i) One-third of the share options is exercisable from the 21 December 2016 to 20 December 2019 ("Tranche 1.1"). These share options are unconditionally vested as at 21 December 2016 or date of grants, whichever is later;

(ii) One-third of the share options is exercisable from 21 December 2017 to 20 December 2019 ("Tranche 1.2"). These share options are vested as at 21 December 2017; and

(iii) One-third of the share options is exercisable from 21 December 2018 to 20 December 2019 ("Tranche 1.3"). These share options will be vested as at 21 December 2018.

For the ESO2 granted on 24 February 2017, details of the validity period and vesting period of share options are as follows:

(i) One-third of the share options is exercisable from the 24 February 2017 to 20 December 2019 ("Tranche 2.1"). These share options are unconditionally vested as at 21 December 2016 or date of grants, whichever is later;

(ii) One-third of the share options is exercisable from 21 December 2017 to 20 December 2019 ("Tranche 2.2"). These share options are vested as at 21 December 2017; and

(iii) One-third of the share options is exercisable from 21 December 2018 to 20 December 2019 ("Tranche 2.3"). These share options will be vested as at 21 December 2018.

17 SHARE-BASED PAYMENTS *(Continued)*

(a) Share options *(Continued)*

During the year ended 31 March 2019, no share options were exercised. The numbers of share options forfeited were 101,500,000. All share options forfeited are in respect of Tranche 1.1, Tranche 1.2 and Tranche 1.3.

During the year ended 31 March 2018, the numbers of share options exercised and forfeited were 1,932,000 and 56,666,667 respectively. All share options exercised are in respect of Tranche 1.1 and all share options forfeited are in respect of Tranche 2.2 and Tranche 2.3.

Movements in the number of outstanding share options and their related average exercise prices are as follows:

	2019		2018	
	Average exercise price in HK$ per share option	**Number of share options (thousands)**	Average exercise price in HK$ per share option	Number of share options (thousands)
1 April	**0.55**	**229,401**	0.55	288,000
Forfeited during the year	**0.55**	**(101,500)**	0.55	(56,667)
Exercised during the year	**–**	**–**	0.55	(1,932)
31 March		**127,901**		229,401

Share options outstanding as at 31 March 2019 have the following expiry dates and exercise prices:

Expiry date	**Exercise price in HK$ per share option**	**Number of share options (thousands) 2019**	**Number of share options (thousands) 2018**
20 December 2019	**0.55**	**127,901**	**229,401**

During the year ended 31 March 2018, the weighted average share price at the date of exercise for share options was HK$1.23 per share.

As at 31 March 2019, 127,901,333 share options were vested (2018: 163,666,665).

The fair value of each option granted during last year was determined using Black Scholes model at HK$0.091, HK$0.109, HK$0.126, HK$0.146, HK$0.163 and HK$0.182 for Tranche 1.1, Tranche 1.2, Tranche 1.3, Tranche 2.1, Tranche 2.2 and Tranche 2.3, respectively.

17 SHARE-BASED PAYMENTS *(Continued)*

(a) Share options *(Continued)*

For those share options granted to selected employees and directors on 21 December 2016, the significant inputs into the model were closing share price of HK$0.49 at the grant date, exercise price shown above, volatility of 46.25%, vesting periods of one, two and three years respectively for each tranche of the share options shown above, dividend yield of 1% per annum and risk-free interest rates of 0.97%, 1.14% and 1.30% per annum for Tranche 1.1, Tranche 1.2 and Tranche 1.3 respectively. The volatility measured at the grant date is referenced to the historical volatility of the Company.

For those share options granted to the director on 24 February 2017, the significant inputs into the model were closing share price of HK$0.59 at the grant date, exercise price shown above, volatility of 45.39%, vesting periods of one, two and three years respectively for each tranche of the share options shown above, dividend yield of 1% per annum and risk-free interest rates of 0.81%, 0.91% and 1.01% for Tranche 2.1, Tranche 2.2 and Tranche 2.3 respectively. The volatility measured at the grant date is referenced to the historical volatility of the Company.

Share-based payments of the Group have been (credited)/charged to the consolidated income statement as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Selling expenses	**38**	118
General and administrative expenses	**(1,202)**	8,679
	(1,164)	8,797

(b) Share award scheme

On 14 March 2019, the Company adopted the share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (including executive directors), consultants or advisers of or to the Group and non-executive directors (including independent non-executive directors) of the Group (the "Selected Person(s)") pursuant to the terms of the Share Award Scheme and trust deed of the Share Award Scheme (the "Trust Deed"). The share award scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 13 March 2029. The Share Award Scheme is subject to the administration of the Board of Directors and the trustee of the Share Award Scheme (the "Trustee") in accordance with the Share Award Scheme and the Trust Deed.

The Board of Directors shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board of Directors under the Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Person under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

17 SHARE-BASED PAYMENTS *(Continued)*

(b) Share Award Scheme *(Continued)*

The Board of Directors may contribute funds to the trust constituted by the Trust Deed (the "Trust") for the purchase or subscription of shares of the Company and other purposes set out in the Share Award Scheme and the Trust Deed. The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed. The Board of Directors may instruct the Trustee to purchase shares of the Company on The Stock Exchange of Hong Kong Limited and to hold them in trust for the benefit of the persons who are eligible for the Awarded Shares on and subject to the terms and conditions of the Share Award Scheme and the Trust Deed (the "Eligible Persons"). The Trustee shall not exercise the voting rights in respect of any shares, including but not limited to the Awarded Shares, any bonus shares and scrip shares derived therefrom, held by it under the Trust.

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective Awarded Shares held by the Trustee on behalf of a Selected Person pursuant to the provision of the Share Award Scheme shall vest in such Selected Person in accordance with the vesting schedule (if any) and the Trustee shall cause the Awarded Shares to be transferred to such Selected Person on the vesting date at no consideration.

During the year ended 31 March 2019, the trustee acquired 1,260,000 ordinary shares of the Company for the Share Award Scheme through purchases in the open market, at a total cost, including related transaction costs of approximately HK$495,000.

During the year ended 31 March 2019, no Awarded Shares were granted to any Eligible Persons of the Group.

18 OTHER RESERVES

(a) Merger reserve

The Group's merger reserve represents the difference between the share capital of the Company and the aggregate amount of share capital of other companies comprising the Group, after elimination of intra-group investments.

(b) Capital reserve

The Group's capital reserve represents deemed contribution by the Controlling Shareholders as a shareholder acquired the remaining non-controlling interests of a subsidiary and contributed to the Group at no cost prior to 1 April 2011.

(c) Statutory reserve

The Company's subsidiary in the PRC is required to transfer 10% of its profit after income tax calculated in accordance with the PRC accounting standards and regulations to the statutory reserve until the balance reaches 50% of its respective registered capital, where further transfers will be at their directors' discretion. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to equity holders of the PRC subsidiary in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory reserve after such issue is no less than 25% of share capital of the PRC subsidiary.

19 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off income tax recoverable against current income tax liabilities and when the deferred taxes relate to the same taxation authority. The deferred tax assets and liabilities are to be utilised and settled after one year and the following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position.

Movements of deferred tax assets:

	Share-based payments		Decelerated tax depreciation		Impairment of financial assets		Unrealised losses		Tax losses		Total	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
At the beginning of the year	**3,776**	2,353	**104**	60	**–**	–	**–**	–	**–**	–	**3,880**	2,413
Effect of adoption of HKFRS 9	**–**	–	**–**	–	**455**	–	**–**	–	**–**	–	**455**	–
(Charged)/credited to consolidated income statement	**(1,308)**	1,423	**(104)**	44	**4,680**	–	**192**	–	**645**	–	**4,105**	1,467
At the end of the year	**2,468**	3,776	**–**	104	**5,135**	–	**192**	–	**645**	–	**8,440**	3,880
Amount offset between deferred tax assets and liabilities in the consolidated statement of financial position											**(148)**	–
Amount presented in the consolidated statement of financial position											**8,292**	3,880

Movements of deferred tax liabilities:

	Accelerated tax depreciation		Fair value adjustments arising from subsidiaries		Total	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
At the beginning of the year	**33**	–	**467**	–	**500**	–
Acquisition of a subsidiary (Note 35)	**–**	35	**–**	487	**–**	522
Charged/(credited) to consolidated income statement	**115**	(2)	**(157)**	(20)	**(42)**	(22)
At the end of the year	**148**	33	**310**	467	**458**	500
Amount offset between deferred tax assets and liabilities in the consolidated statement of financial position					**(148)**	–
Amount presented in the consolidated statement of financial position					**310**	500

19 DEFERRED INCOME TAX *(Continued)*

As at 31 March 2019, the Group has unrecognised tax losses of HK$8,431,000 (2018: HK$5,335,000) in Hong Kong, which have no expiry dates, and HK$17,987,000 (2018: HK$17,438,000) in the PRC which will expire during financial year 2020 to year 2024. No deferred tax assets have been recognised for these tax losses as the directors considered it is not probable that taxable profits will be available against which the tax losses can be utilised.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Deferred tax assets as presented in the consolidated statement of financial position	**8,292**	3,880
Deferred tax liabilities as presented in the consolidated statement of financial position	**(310)**	(500)
Deferred tax assets, net	**7,982**	3,380

The movement on the deferred income tax is as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
At beginning of the year	**3,380**	2,413
Effect of adoption of HKFRS 9 (Note 2.1)	**455**	–
Addition arising from acquisition of a subsidiary (Note 35)	**–**	(522)
Credited to consolidated income statement (Note 28)	**4,147**	1,489
At end of the year	**7,982**	3,380

20 ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Cash client payables (Note a)	**17,834**	24,543
Due to clearing house (Note b)	**–**	163
Total account payables	**17,834**	24,706
Other payables and accrued expenses		
Accrued expenses	**2,386**	1,762
Other payables	**66**	59
Total other payables and accrued expenses	**2,452**	1,821
Total account payables, other payables and accrued expenses	**20,286**	26,527

Notes:

(a) The settlement terms of payables arising from securities business are normally two to three days after trade date or specific terms agreed. The majority of the cash client payables are unsecured, non-interest-bearing and repayable on demand, except where certain balances represent trades pending settlement or cash received from clients for their trading activities under the normal course of business.

(b) In presenting the amounts due to HKSCC, the Group has offset the gross amount of the account receivables from and the gross amount of the account payables to HKSCC. Further details are set out in Note 32 to the consolidated financial statements.

Account payables, other payables and accrued expenses of the Group are denominated in the following currencies:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
HK$	**19,966**	26,240
RMB	**320**	287
	20,286	26,527

Other than those disclosed in Note (a) above, account payables and other payables are unsecured, non-interest-bearing and repayable on demand.

21 CONTRACT LIABILITIES

Details of contract liabilities as at 31 March 2019 and 1 April 2018 are as follows:

	31 March 2019	1 April 2018
	HK$'000	HK$'000
Short term advances received from customers		
Sales of goods	**358**	–
Provision of corporate finance services	**–**	11,678
Total	**358**	11,678

Contract liabilities of HK$358,000 arising from sales of goods as of 31 March 2019 represented prepayment received in computer and peripheral products business before the goods are transferred to the customers.

Contract liabilities of HK$11,678,000 arising from provision of corporate finance services as of 1 April 2018 represented prepayment received in corporate finance advisory business before the services are transferred to the customers. These contract liabilities have been recognised as revenue during the year ended 31 March 2019 upon fulfillments of the performance obligations of the corresponding contracts with customers or terminations of the corresponding contracts with customers.

22 BANK BORROWINGS

Bank borrowings of the Group are denominated in the following currencies:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
HK$	**148,710**	36,124
US$	**7,803**	–
	156,513	36,124

The Group's bank borrowings bear interest at a floating interest rate plus credit spread per annum (2018: same).

Certain of the Group's bank borrowings amounting to HK$138,707,000 (2018: HK$36,124,000) are secured by mortgage over the Group's leasehold properties situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of HK$273,216,000 (Note 6) (2018: HK$42,478,000).

The Group's secured bank borrowings, which contain a clause giving the lender an unconditional right to demand repayment at any time, have been classified as current liabilities irrespective of the probability that the lenders will invoke the clause without cause.

22 BANK BORROWINGS *(Continued)*

The maturities of the bank borrowings as at 31 March 2019 in accordance with the scheduled repayment dates (excluding any demand clauses) are as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Within one year	**42,756**	2,166
Between one and two years	**4,950**	2,172
Between two and five years	**15,733**	6,804
Over five years	**93,074**	24,982
	156,513	36,124

23 EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses, general and administrative expenses and expected credit loss on financial assets are analysed as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Cost of inventories sold	**788,222**	627,193
Write-off of inventory	**444**	–
Auditor's remuneration	**1,456**	1,208
Depreciation of property, plant and equipment (Note 6)	**10,702**	2,150
Amortisation of intangible assets (Note 7)	**1,241**	498
Legal and professional fees	**2,234**	11,352
Employee benefit expenses (Note 24)	**22,326**	12,485
Equity-settled share option expenses (Note 17)	**(1,164)**	8,797
Operating lease rentals of premises	**3,104**	1,051
Utilities expenses	**142**	85
Building management fees	**1,641**	648
Service fees for broker supplied systems	**1,329**	158
Impairment of goodwill (Note 7)	**4,641**	–
Write-off of account receivables arising from provision of corporate finance advisory services (Note 12)	**2,244**	–
Expected credit loss on financial assets, net:		
– Loan receivables (Note 11)	**6,780**	–
– Cash client receivables (Note 12)	**30,208**	–
– Trade receivables (Note 12)	**99**	–
– Account receivables arising from provision of corporate finance advisory services (Note 12)	**(23)**	–
– Interest receivables (Note 12)	**509**	–
	37,573	–
Others	**5,213**	3,897
Total	**881,348**	669,522

24 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Short term employee benefits	**21,687**	12,169
Post-employment benefits (Note)	**558**	368
Others	**81**	(52)
	22,326	12,485
Equity-settled share option expenses (Note 17)	**(1,164)**	8,797
	21,162	21,282

Note: These mainly represent:

(i) the Group's contributions to the Mandatory Provident Funds (MPF) for employees working in Hong Kong. Under the MPF scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings with a maximum of HK$1,500 for employee's monthly contribution as defined under the Hong Kong Mandatory Provident Funds legislations.

(ii) the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC, and include elderly insurance, medical insurance and unemployment insurance at rates up to 20%, 7.5% and 2% respectively of the employees' basic salaries depending on the applicable local regulations.

The Group has no other material obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

25 SENIOR MANAGEMENT EMOLUMENTS

(a) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group are as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Directors (Note 38)	**5,532**	8,086
Employees	**3,413**	5,871
	8,945	13,957

The five individuals where emoluments were the highest in the Group include three (2018: two) directors whose emoluments were reflected in Note 38.

The emoluments payable to two (2018: three) non-director individuals during the year are as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Short term employee benefits	**2,862**	3,704
Post-employment benefits	**25**	56
Equity-settled share option expenses	**526**	2,111
	3,413	5,871

25 SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

(a) Five highest paid individuals *(Continued)*

Remuneration of the two (2018: three) highest paid non-director individuals during the year fell within the following bands:

	Number of individuals	
	2019	2018
Emolument Bands		
HK$500,001 to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	1

(b) Senior management's emoluments

The emoluments of the three (2018: two) senior management during the year fell within the following bands:

	Number of individuals	
	2019	2018
Emolument Bands		
Nil to HK$500,000	**2**	1
HK$500,001 to HK$1,000,000	**–**	–
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	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	1

26 OTHER GAINS/(LOSSES)

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Finance income	**944**	204
Exchange gains	**125**	73
Gain on disposal of property, plant and equipment (Note 33(a)/(b))	**62**	55
Realised gain on disposal of equity investments at fair value through profit or loss	**–**	21
Unrealised loss on the change in fair value of equity investments at fair value through profit or loss	**(1,022)**	(612)
Handling fee income	**1,056**	12
Others	**1,679**	8
Total	**2,844**	(239)

27 FINANCE COSTS

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Finance costs		
– Interest expense on bank borrowings	**3,624**	477

28 INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**1,290**	5,508
– PRC corporate income tax	**–**	–
Over-provision in prior year	**(2)**	(58)
Deferred income tax (Note 19)	**(4,147)**	(1,489)
	(2,859)	3,961

The Group is subject to both Hong Kong profits tax and PRC corporate income tax. (Hong Kong profits tax has been provided for at a rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong. The subsidiaries in the PRC are subjected to PRC corporate income tax at a rate of 25% (2018: 25%)).

28 INCOME TAX EXPENSE *(Continued)*

The taxation on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities in the respective jurisdictions as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
(Loss)/profit before income tax	**(37,576)**	13,172
Tax calculated at domestic tax rates applicable to (losses)/profits in the respective jurisdictions	**(5,464)**	4,002
Tax effects of:		
– Expenses not deductible	**2,073**	300
– Income not subject to tax	**(1,125)**	(114)
– Temporary difference not recognised	**1,010**	(7)
– Tax losses not recognised	**1,448**	86
– Utilisation of previously unrecognised tax losses	**(799)**	(158)
– Over-provision in prior year	**(2)**	(58)
– Tax refund	**–**	(90)
Tax (credit)/charge	**(2,859)**	3,961
Effective tax rate	**7.6%**	30.1%

29 DIVIDENDS

No final dividend for the years ended 31 March 2019 and 2018 was proposed.

30 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company for share award scheme.

	Year ended 31 March	
	2019	2018
(Loss)/profit attributable to equity holders of the Company (HK$'000)	**(34,717)**	9,211
Weighted average number of ordinary shares in issue	**4,288,211,573**	3,885,939,047
Basic (loss)/earnings per share	**HK(0.81) cent**	HK0.24 cent

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one (2018: one) category of dilutive potential ordinary share: share options (2018: share options). For the share options, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of share options.

Diluted loss per share for the year ended 31 March 2019 was the same as the basic loss per share as the conversion of potential ordinary shares in relation to the outstanding share options would not have a dilutive effect to the basic loss per share.

The calculation of diluted earnings per share for the year ended 31 March 2018 is as follows:

	Year ended 31 March 2018
Profit attributable to equity holders of the Company (HK$'000)	9,211
Weighted average number of ordinary shares in issue	3,885,939,047
Effect of dilution – weighted average number of ordinary shares:	
Share options	24,421,064
	3,910,360,111
Diluted earnings per share	HK0.24 cent

31 FINANCIAL INSTRUMENTS BY CATEGORIES

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

As at 31 March 2019

Financial assets

	At amortised cost HK$'000	At fair value through profit or loss (held for trading) HK$'000	Total HK$'000
Loan receivables	15,204	–	15,204
Account receivables	193,004	–	193,004
Financial assets included in deposits, prepayments and other receivables	2,180	–	2,180
Financial assets at fair value through profit or loss	–	786	786
Bank balances held on behalf of clients	17,837	–	17,837
Cash and cash equivalents	201,704	–	201,704
	429,929	786	430,715

Financial liabilities

	At amortised cost HK$'000	Total HK$'000
Account payables	17,834	17,834
Financial liabilities included in other payables and accrued expenses	2,452	2,452
Bank borrowings	156,513	156,513
	176,799	176,799

31 FINANCIAL INSTRUMENTS BY CATEGORIES *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows: *(Continued)*

As at 31 March 2018

Financial assets

	Loans and receivables HK$'000	At fair value through profit or loss (held for trading) HK$'000	Total HK$'000
Loan receivables	50,000	–	50,000
Account receivables	174,593	–	174,593
Financial assets included in deposits, prepayments and other receivables	4,358	–	4,358
Financial assets at fair value through profit or loss	–	1,808	1,808
Bank balances held on behalf of clients	23,429	–	23,429
Cash and cash equivalents	200,254	–	200,254
	452,634	1,808	454,442

Financial liabilities

	At amortised cost HK$'000	Total HK$'000
Account payables	24,706	24,706
Financial liabilities included in other payables and accrued expenses	1,821	1,821
Bank borrowings	36,124	36,124
	62,651	62,651

32 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set-off the Continuous Net Settlement ("CNS") money obligations receivable and payable with HKSCC; and the Group intends to settle on a net basis as account receivables from or account payables to HKSCC. For the net amount of CNS money obligations receivable or payable with HKSCC and Guarantee Fund placed with HKSCC, they do not meet the criteria for offsetting in the financial statements and the Group does not intend to settle the balances on a net basis.

	Gross amount of recognised financial assets/ (liabilities) HK$'000	Gross amount of recognised financial (assets)/ liabilities offset in the statement of financial position HK$'000	Net amount of financial assets/ (liabilities) presented in the statement of financial position HK$'000	Related amounts not offset in the statement of financial position: Cash collateral received HK$'000	Net amount HK$'000
As at 31 March 2019					
Account receivable from clearing house	801	(38)	763	–	763
Account payable to clearing house	(38)	38	–	–	–

	Gross amount of recognised financial assets/ (liabilities) HK$'000	Gross amount of recognised financial (assets)/ liabilities offset in the statement of financial position HK$'000	Net amount of financial assets/ (liabilities) presented in the statement of financial position HK$'000	Related amounts not offset in the statement of financial position: Cash collateral received HK$'000	Net amount HK$'000
As at 31 March 2018					
Account receivable from clearing house	2,692	(2,671)	21	–	21
Account payable to clearing house	(2,834)	2,671	(163)	–	(163)

33 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of (loss)/profit before income tax to cash (used in)/generated from operations:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
(Loss)/profit before income tax	**(37,576)**	13,172
Adjustments for:		
Depreciation (Note 23)	**10,702**	2,150
Amortisation (Note 23)	**1,241**	498
Gain on disposal of property, plant and equipment (Note 26)	**(62)**	(55)
Exchange gains (Note 26)	**(125)**	(73)
Finance income (Note 26)	**(944)**	(204)
Finance costs (Note 27)	**3,624**	477
Share options expenses (Note 17)	**(1,164)**	8,797
Unrealised loss on change in fair value of equity investments at fair value through profit or loss (Note 26)	**1,022**	612
Impairment of goodwill (Note 23)	**4,641**	–
Write-off of account receivables arising from provision of corporate finance advisory services (Note 23)	**2,244**	–
Expected credit loss on financial assets, net:		
– Loan receivables (Note 23)	**6,780**	–
– Cash client receivables (Note 23)	**30,208**	–
– Trade receivables (Note 23)	**99**	–
– Account receivables arising from provision of corporate finance advisory services (Note 23)	**(23)**	–
– Interest receivables (Note 23)	**509**	–
Change in working capital		
– Inventories	**1,875**	(1,381)
– Loan receivables	**27,700**	20,400
– Account receivables	**(54,704)**	(32,208)
– Bank balances held on behalf of clients	**5,592**	5,335
– Deposits, prepayments and other receivables	**1,361**	11,221
– Account payables	**(6,872)**	(4,794)
– Other payables and accrued expenses	**631**	(2,724)
– Contract liabilities	**(11,320)**	–
Cash (used in)/generated from operations	**(14,561)**	21,223

33 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Net book amount of property, plant and equipment disposed (Note 6)	**108**	8
Gain on disposal of property, plant and equipment (Note 26)	**62**	55
Proceeds from disposal of property, plant and equipment	**170**	63

(c) Reconciliation of liabilities arising from financing activities is as follows:

	Bank borrowings	
	2019	2018
	HK$'000	HK$'000
At 1 April	**36,124**	–
Changes from financing cash flows		
Drawdown of bank borrowings	**296,340**	109,276
Repayments of bank borrowings	**(176,074)**	(73,151)
Interest paid	**(3,501)**	(438)
Bank facility costs paid	**–**	(40)
Other changes		
Interest expenses	**3,624**	477
At 31 March	**156,513**	36,124

34 COMMITMENTS

(a) Operating lease commitments

The Group leases an office property under an operating lease arrangement, with the lease negotiated for terms of two years. The future aggregate minimum lease payments for the office property under non-cancellable operating lease are as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Not later than 1 year	**1,895**	2,790
Later than 1 year and not later than 5 years	**–**	1,879
	1,895	4,669

(b) Capital commitments

In addition to the operating lease commitments detailed in Note (a) above, the Group had the following capital commitments at the end of the reporting periods:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Contracted, but not provided for:		
Investment accounted for using equity method	**10,000**	–
Leasehold properties	**–**	198,589
Leasehold improvements	**1,833**	189
Office equipment	**80**	–
	11,913	198,778

35 BUSINESS COMBINATION

On 15 February 2018, Goldenmars Technology Investments Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Huabang Securities from an independent third party pursuant to a sales and purchase agreement dated 7 March 2017 at a consideration of HK$180,150,000, to be satisfied by cash of HK$30,000,000 and the allotment and issue of 231,000,000 shares of the Company. Huabang Securities is a licensed corporation under the Securities and Futures Ordinance and is principally engaged in securities brokerage business in Hong Kong. Its wholly-owned subsidiary, Sen Mei Logistics Limited, is an inactive company which holds a motor vehicle for own use.

In accordance with HKFRS 3 (Revised), "Business Combinations", the Group is required to recognise the identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair value at the acquisition date. Accordingly, the Group has undertaken a purchase price allocation allocating the purchase consideration to the identifiable assets and liabilities acquired at the acquisition date. Significant accounting estimates have been involved when performing the allocation.

The fair values of the identifiable assets and liabilities of Huabang Securities and Sen Mei Logistics Limited (collectively referred to "Huabang Securities Group") as at the date of acquisition were as follows:

	HK$'000
Purchase consideration	
– Cash paid	30,000
– Consideration shares issued at market price on 15 February 2018	109,725
	139,725
Recognised amounts of identifiable assets acquired and liabilities assumed at fair value	
Property, plant and equipment	680
Customer relationship contract	2,700
Financial assets at fair value through profit or loss	2,420
Account receivables	53,908
Deposits, prepayments and other receivables	760
Bank balances held on behalf of clients	28,764
Cash and cash equivalents	30,003
Account payables	(29,499)
Other payables and accrued expenses	(1,502)
Deferred tax liabilities	(522)
Total identifiable net assets	87,712
Goodwill	52,013

35 BUSINESS COMBINATION *(Continued)*

The Group incurred transaction costs of HK$360,000 for this acquisition. These transaction costs have been expensed and are included in general and administrative expenses in the consolidated income statement for the year ended 31 March 2018.

Included in the goodwill of HK$52,013,000 recognised above is an assembled workforce, which is not recognised separately. Because the Group would not have sufficient control over the expected future economic benefits arising from the assembled workforce, it does not meet the criteria for recognition as an intangible asset under HKAS 38, "Intangible Assets". None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair values of the account receivables and other receivables as at the date of acquisition amounted to HK$53,908,000 and HK$494,000, respectively. The gross contractual amounts of account receivables and other receivables were HK$61,154,000 and HK$494,000, respectively, of which account receivables of HK$7,246,000 are expected to be uncollectible.

Revenue included in the consolidated income statement since acquisition date contributed by Huabang Securities was HK$2,063,000. This acquired business contributed operating profit of HK$262,000 for the year ended 31 March 2018 from the acquisition date.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the loss of the Group for the year ended 31 March 2018 would have been HK$695,283,000 and HK$600,000, respectively.

36 RELATED PARTY TRANSACTIONS

Major related party that had transactions with the Group during the year ended 31 March 2019 and 2018 was as follows:

(a) Transactions with related parties

During the years ended 31 March 2019 and 2018, no material transactions were undertaken by the Group with related parties.

(b) Outstanding balances with related parties:

As at 31 March 2019, there were no material outstanding balances with related parties.

As at 31 March 2018, the Group had outstanding balances due from Huabang Qianhai, a joint venture of the Group, and Huabang Qianhai Property Limited, a wholly-owned subsidiary of Huabang Qianhai, totalling HK$25,000. These balances are unsecured, non-interest-bearing and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Short term employee benefits	**10,346**	4,606
Post-employment benefits	**161**	102
Equity-settled share option expenses	**1,217**	8,599
	11,724	13,307

Further details of directors' and the chief executive's emoluments are included in Note 38 to the consolidated financial statements.

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 March	
		2019	2018
		HK$'000	HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries		**572,995**	452,453
Current assets			
Amount due from subsidiaries		**19,963**	14,538
Deposits, prepayments and other receivables		**337**	337
Cash and cash equivalents		**7,008**	–
		27,308	14,875
Total assets		**600,303**	467,328
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**3,654**	3,408
Other reserves	Note a	**596,300**	463,920
Total equity		**599,954**	467,328
LIABILITIES			
Current liabilities			
Other payables and accrued expenses		**349**	–
		349	–
Total liabilities		**349**	–
Total equity and liabilities		**600,303**	467,328
Net current assets		**26,959**	14,875
Total assets less current liabilities		**599,954**	467,328

The statement of financial position of the Company was approved by the Board of Directors on 25 June 2019 and was signed on its behalf

George Lu
Director

Lam Allan Loc
Director

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(a) Reserve movement of the Company:

	Share premium HK$'000	Contributed surplus HK$'000 Note	Employee share-based compensation reserve HK$'000	Shares held for share award scheme HK$'000	Accumulated losses HK$'000	Total HK$'000
For the year ended 31 March 2019						
Balance at 1 April 2018	354,518	95,114	22,882	–	(8,594)	463,920
Comprehensive income						
Profit for the year	–	–	–	–	505	505
Total comprehensive income	–	–	–	–	505	505
Transaction with owners						
Issue of new shares through placing (Note 16)	150,005	–	–	–	–	150,005
Share issue expenses	(7,513)	–	–	–	–	(7,513)
Shares repurchased and cancelled (Note 16)	(2,195)	–	–	–	–	(2,195)
Purchase of shares under share award schemes (Note 17)	–	–	–	(495)	–	(495)
Employee share option scheme						
– value of employee services (Note 17)	–	–	1,541	–	–	1,541
– forfeiture of employee share options (Note 17)	–	–	(9,468)	–	–	(9,468)
Balance at 31 March 2019	494,815	95,114	14,955	(495)	(8,089)	596,300

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(a) Reserve movement of the Company: *(Continued)*

	Share premium HK$'000	Contributed surplus HK$'000 Note	Employee share-based compensation reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
For the year ended 31 March 2018					
Balance at 1 April 2017	243,749	95,114	14,260	918	354,041
Comprehensive income					
Loss for the year	–	–	–	(9,512)	(9,512)
Total comprehensive income	–	–	–	(9,512)	(9,512)
Transaction with owners					
Employee share option scheme					
– value of employee services (Note 17)	–	–	9,607	–	9,607
– exercise of employee share options (Note 17)	1,236	–	(175)	–	1,061
– forfeiture of employee share options (Note 17)	–	–	(810)	–	(810)
Issue of shares for acquisition of a subsidiary (Note 35)	109,533	–	–	–	109,533
Balance at 31 March 2018	354,518	95,114	22,882	(8,594)	463,920

Note: Contributed surplus

Contributed surplus represents the difference between the excess of the nominal value of the Company shares issued and the aggregate net asset value of the subsidiaries acquired pursuant to the group reorganisation.

38 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the directors for the year ended 31 March 2019 is set out below:

	Fee	Salary	Discretionary bonus	Housing allowance	Estimated monetary value of other benefit	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2019									
Name of directors									
Executive directors									
Mr. George Lu	100	909	–	–	–	18	–	–	1,027
Ms. Lau Wing Sze	100	974	–	–	647	18	–	–	1,739
Mr. Lau Wan Po (Note (ii))	100	868	–	–	–	6	–	–	974
Mr. Pang Chung Fai Benny (Note (i))	7	–	–	–	1	–	–	–	8
	307	2,751	–	–	648	42	–	–	3,748
Non-executive directors									
Mr. Yeung Wai Fai Andrew (Note (iii))	1,715	–	–	–	–	12	–	–	1,727
Mr. Pang Chung Fai Benny (Note (i))	328	–	–	–	22	16	–	–	366
Mr. Lau Wan Po (Note (ii))	1,087	–	–	–	–	5	–	–	1,092
Mr. Lam Allan Loc (Note (iv))	490	–	–	–	–	8	–	–	498
	3,620	–	–	–	22	41	–	–	3,683

38 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of the directors for the year ended 31 March 2019 is set out below: *(Continued)*

	Fee	Salary	Discretionary bonus	Housing allowance	Estimated monetary value of other benefit	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2019									
Name of directors									
Independent non-executive directors									
Mr. Loo Hong Shing Vincent	175	–	–	–	23	9	–	–	207
Mr. Lam Allan Loc (Note (iv))	116	–	–	–	–	6	–	–	122
Mr. Shin Yick Fabian (Note (vii))	81	–	–	–	–	4	–	–	85
Mr. Zhu Shouzhong (Note (v))	81	–	–	–	–	–	–	–	81
Mr. Li Huaqiang (Note (vi))	67	–	–	–	–	–	–	–	67
	520	–	–	–	23	19	–	–	562

38 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of the directors for the year ended 31 March 2018 is set out below:

	Fee	Salary	Discretionary bonus	Housing allowance	Estimated monetary value of other benefit	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2018									
Name of directors									
Executive directors									
Mr. George Lu	100	626	–	–	–	18	–	–	744
Ms. Lau Wing Sze	100	852	–	–	2,016	18	–	–	2,986
Mr. Lau Wan Po (Note (ii))	100	266	–	–	4,733	1	–	–	5,100
Mr. Pang Chung Fai Benny (Note (i))	289	–	–	–	71	3	–	–	363
	589	1,744	–	–	6,820	40	–	–	9,193

38 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of the directors for the year ended 31 March 2018 is set out below: *(Continued)*

	Fee	Salary	Discretionary bonus	Housing allowance	Estimated monetary value of other benefit	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2018									
Name of directors									
Independent non-executive directors									
Mr. Loo Hong Shing Vincent	170	–	–	–	71	9	–	–	250
Mr. Mu Binrui (Note (viii))	184	–	–	–	–	–	–	–	184
Mr. Lam Allan Loc (Note (iv))	170	–	–	–	–	9	–	–	179
Mr. Shin Yick Fabian (Note (vii))	170	–	–	–	71	9	–	–	250
	694	–	–	–	142	27	–	–	863

38 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

Note:

(i) With effect from 12 April 2018, Pang Chung Fai Benny has been re-designated from an executive director to a non-executive director and has resigned as vice chairman of the Company.

(ii) With effect from 29 June 2018, Lau Wan Po has been re-designated from an executive director to a non-executive director and has resigned as vice chairman of the Company. Lau Wan Po has resigned as a non-executive director with effect from 8 October 2018.

(iii) Yeung Wai Fai Andrew has been appointed as non-executive director of the Company with effect from 29 June 2018. He was resigned as a non-executive director with effect from 2 January 2019.

(iv) With effect from 1 November 2018, Lam Allan Loc has been re-designated from an independent non-executive director to a non-executive director and has been appointed as vice chairman of the Company.

(v) Zhu Shouzhong has been appointed as independent non-executive directors of the Company with effect from 2 October 2018.

(vi) Li Huaqiang has been appointed as an independent non-executive director with effect from 1 November 2018.

(vii) Shin Yick Fabian has resigned as an independent non-executive director with effect from 2 October 2018.

(viii) Mu Binrui has resigned as an independent non-executive director with effect from 28 March 2018.

During the year ended 31 March 2019, no director waived any emoluments (2018: same).

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 March 2019 (2018: same).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 March 2019 (2018: same).

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

During the year ended 31 March 2019, no consideration was paid by the Company to third parties for making available directors' services (2018: same).

38 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

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

During the year ended 31 March 2019, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2018: same).

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of 31 March 2019 or at any time during the year ended 31 March 2019 (2018: same).

39 EVENTS AFTER THE REPORTING PERIOD

On 17 April 2019, Huabang Finance Limited ("Huabang Finance"), an indirect wholly-owned subsidiary of the Company, entered into two loan agreements with two independent third parties, pursuant to which Huabang Finance has agreed to grant the loans to the borrowers respectively for a term of 12 months. Reference is made to the announcement of the Company dated 17 April 2019.

On 30 May 2019, Huabang Finance entered into a loan agreement with an independent third party, pursuant to which Huabang Finance has agreed to grant the loan to the borrower for a term of 12 months. Reference is made to the announcement of the Company dated 30 May 2019.