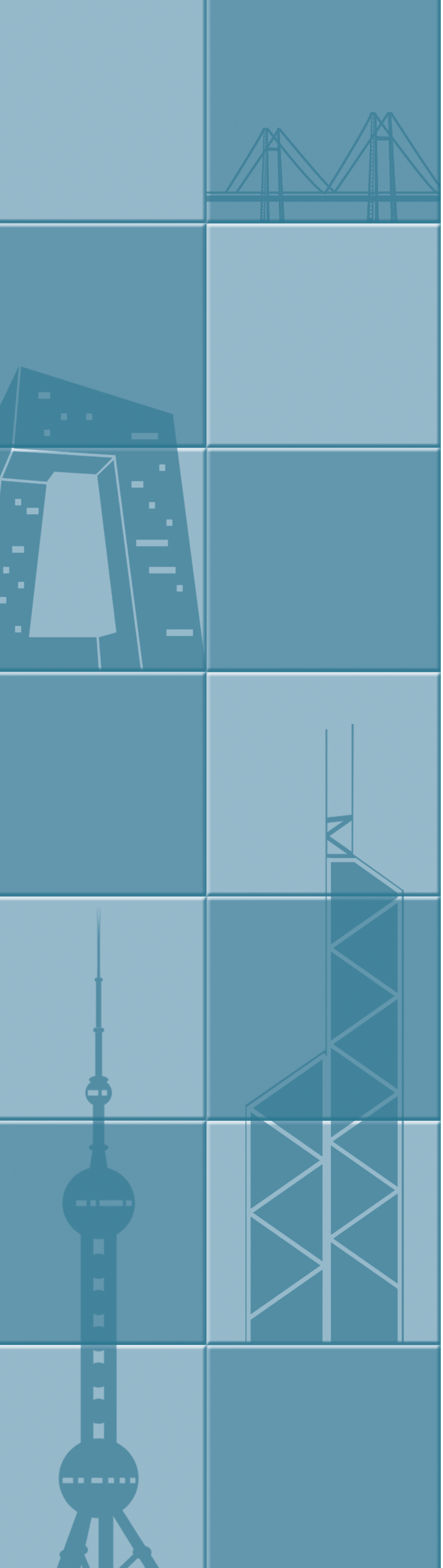
中國富強金融集團有限公司

CHINA FORTUNE FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 290)

2019
ANNUAL REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. XIE Zhichun *(Chairman)*
Mr. HUA Yang
Mr. ZHU Yi *(appointed on 28 September 2018)*
Mr. LIU Yinan *(resigned on 28 September 2018)*

Non-Executive Directors

Mr. HAN Hanting
(re-designated on 28 September 2018)
Mr. CHEN Zhiwei
Mr. WU Ling

Independent Non-Executive Directors

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

COMPANY SECRETARY

Ms. WONG Miu Ying Vivian

AUTHORISED REPRESENTATIVES

Mr. ZHU Yi
Ms. WONG Miu Ying Vivian

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

43rd Floor
COSCO Tower
183 Queen's Road Central
Hong Kong
Tel: (852) 3105 1863 / 3103 2007
Fax: (852) 3105 1862

PRINCIPAL BANKERS

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong
Tel: (852) 2849 3399
Fax: (852) 2849 3319

STOCK CODE

290

WEBSITE

www.290.com.hk

Chairman's Statement

On behalf of the board (the "**Board**") of directors (each a "**Director**") of China Fortune Financial Group Limited ("**China Fortune**" or the "**Company**", together with its subsidiaries collectively referred to as the "**Group**"), I hereby present the overall performance of the Group for the year ended 31 March 2019.

2018 is a very challenging year. Under the tense international trade situation, affected by a series of economic and political instability factors, the global market has experienced tremendous turbulence. After the end of the 10-year bull market brought about by quantitative easing policy after the 2008 financial crisis, the U.S. stock market declined for the first time. In the whole of 2018, the Dow Jones index fell 5.6%, the S&P 500 index fell 6.2%, and the Nasdaq index fell 3.9%. In 2018, China's macroeconomic trend rose up first and then fell down. Although the annual GDP year-on-year growth of 6.6% was in line with expectations, Sino-US trade frictions continued to escalate from the end of 2018 up to now, resulting in a downturn of the economy as a whole. The Hong Kong stock market, which is closely related to China and the US capital markets, also experienced great turbulence. After an overall positive 2017, the Hang Seng index dropped from its historical high of 33,484 points in January 2018 to 24,540 points at the end of October and then rose to 25,845 points (22.81% fall annually) at the end of the year, with a total fluctuation of about 9,000 points in the year. Since the birth of the Hang Seng index in 1969, the volatility of the market in 2018 could be comparable to that in 1965 (an annual decline of 24.71%) and 1967 (an annual decline of 31.70%). Affected by the downturn of the market, the trading activity of our brokers and margin clients has decreased, the business income from securities brokerage services and margin financing has decreased, and the revenue from proprietary trading has also decreased.

Despite the unsatisfactory performance of the Hong Kong stock market in 2018, Hong Kong is still a global focus of financing. In 2018, a total of 218 companies listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), among which, Fortune Financial Capital Limited acted as a sponsor to help three companies listed on the Stock Exchange. Meanwhile, Fortune (HK) Securities Limited acted as an underwriter in several listed offering projects. Along with the launch of the development plan for Guangdong-Hong Kong-Macao Greater Bay Area, we believe that the interconnection of the mainland and Hong Kong markets will be more frequent and important. Therefore, in the current financial year, we introduced an investment banking team focusing on the mainland business. The team leader has nearly 15 years of experience in Hong Kong's capital market, and together with the team members, has worked in the large Chinese-funded securities firms successively, which have rich practical experience in initial public offering, stock capital market, bond capital market, merger & acquisition and reorganization consultants, etc. We believe and look forward to the arrival of the new team will expand the Company's business space.

In addition to the sponsorship and underwriting and other businesses, the Company's investment and asset management business have also grown by leaps and bounds in the past year. In mid-2018, the Company restructured its investment business sector, reduced losses on proprietary stocks and broadened the distribution of financing channels in order to focus on the development of fixed income market. At the same time, Fortune Asset Management Limited realized the breakthrough of zero fund raising, it initiated and managed the convertible-bond Opportunity Fund connection fund in the Asian market together with China Everbright Limited. The fund is now operating normally.

On 31 March 2019, the Group recorded a total asset of approximately HK$1,485,500,000 (up 9.72% year-on-year), a total revenue of approximately HK$108,072,000 (up 12.10% year-on-year), and a total loss of approximately HK$104,179,000 (up 59.17% year-on-year). The loss was mainly due to significant increase in expenses in the year ended 31 March 2019, including: (1) increase in staff costs; (2) decrease in reversal of impairment loss on loan and trade receivables and increase in impairment loss on trade receivables; (3) increase of comprehensive expense of an associated company, and (4) increase in finance costs attributable to convertible bonds and loans.

The Company has experienced the baptism of 2018, with a stronger professional team, richer business and better governance structure. We have reason to ask shareholders (the "**Shareholders**") to believe that after the pain during the operating transition period, the Company will embark on a path of steady growth, under the guidance of following compliance and risk control bottom line and of strict cost control, with the strong support of the board of directors, and with the efforts of management. Here, I would like to express my deepest respect and gratitude for the support and concern of the investors and all sectors of society, and the strong support and hard work of the Shareholders, the Board, the management and all the colleagues.

XIE Zhichun
Chairman

Hong Kong, 26 June 2019

RESULTS

For the year ended 31 March 2019 (the "**Reporting Year**"), revenue of the Group amounted to approximately HK$108,072,000, representing an increase of approximately 12% from approximately HK$96,404,000 for the year ended 31 March 2018.

The Group recorded a loss of approximately HK$104,179,000 for the year ended 31 March 2019, as compared with the loss of approximately HK$65,450,000 for the corresponding period in 2018. Net loss attributable to owners of the Company amounted to approximately HK$104,179,000 for the Reporting Year, representing a increase of approximately 59% comparing with the loss of approximately HK$65,450,000 for the corresponding period in 2018. The overall performance of net loss attributable to owners of the Company was mainly due to significant increase in expenses in the year ended 31 March 2019, including: (1) increase in staff costs; (2) decrease in reversal of impairment loss on loan and trade receivables and increase in impairment loss on trade receivables; (3) increase of comprehensive expense of an associated company, and (4) increase in finance costs attributable to convertible bonds and loans.

The basic and diluted loss per share of the Company for the Reporting Year was approximately HK1.38 cents as compared with the basic and diluted loss per share of approximately HK0.95 cents for the corresponding period in 2018.

BUSINESS REVIEW

Brokerage and margin financing

The business of brokerage and margin financing is one of the main revenue streams of the Group. During the Reporting Year, the business of brokerage and margin financing recorded a revenue of approximately HK$38,769,000, representing a decrease of approximately 22.95% as compared to the revenue of approximately HK$50,314,000 for the corresponding period in 2018.

The segment profit for the year ended 31 March 2019 amounted to approximately HK$16,649,000 (2018: approximately HK$29,435,000), representing a decrease in profit of approximately 43.44% as compared with the corresponding period in 2018.

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

Proprietary trading

During the Reporting Year, all securities traded were shares listed on the Stock Exchange. The proprietary trading segment recorded a revenue of approximately HK$366,000 (2018: approximately HK$1,223,000) and recorded a segment loss of approximately HK$5,832,000 (2018: approximately HK$7,440,000). The respective segment loss was due to fair value change of the securities held for trading by the Group.

Corporate finance

The corporate finance market was under a keen competition during the Reporting Year. Segment revenue from corporate finance business significantly increased by approximately 46.82% from approximately HK$34,079,000 to approximately HK$50,034,000 while the segment loss for the year ended 31 March 2019 amounted to approximately HK$623,000 (2018: segment profit of approximately HK$12,369,000), representing a significant decrease in profit of approximately HK$12,992,000, as compared with the corresponding period in 2018.

Money lending and factoring

During the Reporting Year, the money lending market was under intensive competition locally. The Group recorded an interest income from money lending of approximately HK$10,364,000 (2018: approximately HK$9,368,000), representing an increase of approximately 10.63% as compared with the corresponding period in 2018.

Consultancy and insurance brokerage

During the Reporting Year, the Group recorded a segment revenue from consultancy services and insurance brokerage services of approximately HK$2,594,000 (2018: approximately HK$1,635,000), representing a significant increase of approximately 58.65% as compared with the corresponding period in 2018.

Asset management

During the Reporting Year, the Group recorded a segment revenue from asset management of approximately HK$5,989,000 (2018: approximately HK$335,000), representing a significant increase of approximately 1687.76% as compared with the corresponding period in 2018.

ISSUE OF CONVERTIBLE BONDS

On 22 November 2016, the Company (as the issuer) entered into each of the Cinda Subscription Agreement, the PAL Subscription Agreement and the Riverhead Capital Subscription Agreement (each as defined below) in relation to the issue of convertible bonds in an aggregate principal amount of HK$570,000,000.

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

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

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

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

The net proceeds raised through the issue of the Tranche 1 Convertible Bonds were approximately HK$385,000,000, in which i) approximately HK$180,000,000 had been used for the injection of capital to a wholly-owned subsidiary of the Company and expanding its margin financing and underwriting business; ii) approximately HK$150,000,000 for expanding its money lending business; iii) approximately HK$12,000,000 for engaging in private equity investments; iv) approximately HK$9,000,000 for strengthening the capital base of its subsidiaries and v) the remaining balance of approximately HK$34,000,000 for the general working capital of the Group.

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

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

Following the completion of tranche 2 of the Convertible Bonds to Riverhead Capital, completion of subscription of tranche 3 took place on 5 July 2018. The net proceeds raised through the issue of tranche 3 of the Convertible Bonds to Riverhead Capital are HK$60,000,000, in which approximately HK$36,000,000 had been used for further strengthening the proprietary trading business, approximately HK$12,000,000 had been used for engagement in private equity investments such as pre-IPO investment, and approximately HK$12,000,000 had been used for the asset management business as seed money to the existing funds and/or new funds.

The tranche 3 of the Convertible Bonds to Riverhead Capital was exercised in 65% of original principal amount, which was equivalent to the amount of HK$39,000,000 at the conversion price of HK$0.06 on 13 January 2019. After the completion of conversion, the number of 650,000,000 shares was being issued on 14 January 2019.

For details of the Cinda Subscription Agreement, PAL Subscription Agreement and Riverhead Capital Subscription Agreement and the relevant transactions, please refer to the circular dated 13 December 2016 and announcements of the Company dated 21 September 2016, 22 November 2016, 5 January 2017, 30 March 2017, 28 April 2017, 5 July 2018 and 14 January 2019.

With reference made to the mentioned circular and announcements, Tranche 1 Convertible Bonds, tranche 2 of the Convertible Bonds to Riverhead Capital and tranche 3 of the Convertible Bonds to Riverhead Capital were issued pursuant to the resolutions passed at the extraordinary general meeting held on 5 January 2017. The total funds raised from and the details of the use of proceeds of the said tranches are as follows:

Tranche 1 Convertible Bonds

	Intended use of the proceeds as previously disclosed	Approximate amount to apply on the proceeds as previously disclosed	Utilized proceeds on the intended use during the year ended 31 March 2019	Unutilized proceeds as at 31 March 2019	Expected timeline for the use of unutilized Proceeds and reasons for delay
a.	Expanding the margin financing and underwriting businesses	HK$60,000,000	HK$60,000,000	HK$0	Not applicable
b.	Establishment of a joint venture Company to be formed in the PRC (the "**JV Company**") under the Closer Economic Partnership Arrangement	HK$120,000,000	HK$0	HK$120,000,000	The proceeds is planned to be applied in accordance with the intended use as disclosed in the circular dated 13 December 2016. Documents to supplement the application made to China Securities Regulatory Commission for establishment of the JV Company was last made on 27 July 2018 while the timeframe is subject to the said regulator's approval
c.	Expanding its money lending business	HK$150,000,000	HK$150,000,000	HK$0	Not applicable
d.	Engaging in private equity investments	HK$12,000,000	HK$12,000,000	HK$0	Not applicable
e.	Proprietary trading	HK$5,000,000	HK$5,000,000	HK$0	Not applicable
f.	Strengthening the capital base of wealth management business	HK$2,000,000	HK$2,000,000	HK$0	Not applicable

	Intended use of the proceeds as previously disclosed	Approximate amount to apply on the proceeds as previously disclosed	Utilized proceeds on the intended use during the year ended 31 March 2019	Unutilized proceeds as at 31 March 2019	Expected timeline for the use of unutilized Proceeds and reasons for delay
g.	Strengthening the capital base of corporate financing business	HK$2,000,000	HK$2,000,000	HK$0	Not applicable
h.	General working capital	HK$34,000,000	HK$34,000,000	HK$0	Not applicable

Tranche 2 of the Convertible Bonds to Riverhead Capital

	Intended use of the proceeds as previously disclosed	Approximate amount to apply on the proceeds as previously disclosed	Utilized proceeds on the intended use during the year ended 31 March 2019	Unutilized proceeds as at 31 March 2019	Expected timeline for the use of unutilized proceeds
a.	Further expanding the margin financing business	HK$50,000,000	HK$50,000,000	HK$0	Not applicable
b.	Further strengthening the underwriting businesses	HK$10,000,000	HK$10,000,000	HK$0	Not applicable

Tranche 3 of the Convertible Bonds to Riverhead Capital

Intended use of the proceeds as previously disclosed	Approximate amount to apply on the proceeds as previously disclosed	Utilized proceeds on the intended use during the year ended 31 March 2019	Unutilized proceeds as at 31 March 2019	Expected timeline for the use of unutilized proceeds
a. Further strengthening the proprietary trading business	HK$36,000,000	HK$36,000,000	HK$0	Not applicable
b. Further engagement in private equity investments	HK$12,000,000	HK$12,000,000	HK$0	Not applicable
c. For the asset management business to be used as seed money to the existing funds and/or new funds	HK$12,000,000	HK$12,000,000	HK$0	Not applicable

OUTLOOK

We believe that the turbulent market not only brings challenges, but also brings tremendous opportunities. Looking back at the history of Hong Kong's capital market in the past 50 years, after experiencing ups and downs, companies that strictly controlled the risks and adhered to the principles of investment and management not only survived healthily but also survived for a long time. In 2019, when the momentum of global economic growth was significantly weakened, the Federal Reserve slowed down the pace of interest rate increase and entered the cycle of interest rate reduction. Europe also postponed the schedule of interest rate increase. After the Central Economic Working Conference in 2018, "Stable employment, stable finance, stable investment, stable foreign investment, stable foreign trade and stable expectations" will be the theme for a considerable period of time in the future. Therefore, the Company will adhere to the principles of stability, accuracy, quickness and strictness, maintain the current business stability, accurately judge the market situation, and make quick decisions and quickly implement such decisions, and, under the premise of strict risk control and cost control, make further breakthroughs in business to offer greater returns to shareholders.

CAPITAL STRUCTURE

As at 31 March 2019, the nominal value of the total issued share capital of the Company was approximately HK$91,531,000 comprising 9,153,078,859 shares of the Company of HK$0.01 each (the "**Shares**").

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

CAPITAL RISK MANAGEMENT

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

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

The Directors review the capital structure regularly. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. The overall strategy of the Group remains unchanged during the years ended 31 March 2019 and 2018.

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

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

There is no non-compliance of the capital requirements of the Group members imposed by the respective regulators during the years ended 31 March 2019 and 2018.

LIQUIDITY AND FINANCIAL RESOURCES AND GEARING RATIO

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

As at 31 March 2019, the Group's current assets and current liabilities were approximately HK$1,349,194,000 (2018: approximately HK$1,221,418,000) and approximately HK$857,039,000 (2018: approximately HK$600,306,000) respectively, while the current ratio was about 1.57 times (2018: 2.03 times).

As at 31 March 2019, the Group's aggregate cash and cash equivalents amounted to approximately HK$243,755,000 (2018: approximately HK$480,823,000), of which approximately 68.98% was denominated in Hong Kong dollars ("**HK$**") (2018: approximately 95.57%), approximately 25.37% was denominated in United States dollars ("**USD**") (2018: approximately 1.80%), and approximately 5.65% was denominated in Renminbi ("**RMB**") (2018: approximately 2.63%), representing approximately 18.07% (2018: approximately 39.37%) of total current assets. As at 31 March 2019, the Group had bank loans with accrued interest in approximately HK$100,259,000 (2018: bank loans of approximately HK$359,295,000).

During the Reporting Year, no financial instruments were used for hedging purposes. As at 31 March 2019, the gearing ratio, measured on the basis of total borrowings as a percentage of equity attributable to owners of the Company, was approximately 129.15% (2018: approximately 198.88%). The decrease in ratio was mainly due to conversion of convertible bonds during the Reporting Year. The debt ratio, defined as total debts over total assets, was approximately 72.55% (2018: approximately 72.25%).

During the year ended 31 March 2019 and 2018, no additional corporate bond was issued.

SIGNIFICANT INVESTMENT

As at 31 March 2019, the Group held equity investments of approximately HK$121,288,000 (2018: approximately HK$112,856,000), with unrealised loss at approximately HK$187,000 (2018: approximately HK$9,789,000). The financial assets were traded by the Group and realised a net loss of approximately HK$459,000 (2018: net gain of approximately HK$1,751,000) during the year ended 31 March 2019.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group has no material contingent liabilities (2018: nil).

CHARGE ON THE GROUP'S ASSETS

No asset of the Group was subject to any charge as at 31 March 2019 (2018: nil).

RISK MANAGEMENT

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

FOREIGN CURRENCY FLUCTUATION

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

HUMAN RESOURCES

As at 31 March 2019, the Group had 101 employees in total (2018: 86 employees). The related employees' costs for the Reporting Year (excluding Directors' remunerations) amounted to approximately HK$82,999,000 (2018: approximately HK$45,908,000). The Group remunerated employees based on the industry practice and individual's performance. Staff benefits include contributions to retirement benefit scheme, medical allowance and other fringe benefits. In addition, the Group maintains the share option scheme for the purpose of providing incentives and rewards to eligible participants based on their contributions. For details of the share option scheme, please refer to the section headed "Share Option Scheme" in the Directors' Report of this annual report.

Biographical Details of Directors

EXECUTIVE DIRECTOR

MR. XIE ZHICHUN

Mr. XIE Zhichun, aged 61, was appointed as an executive Director, Chairman of the Board and a member of the Remuneration Committee of the Company ("**Remuneration Committee**") in January 2017. He was further appointed as the chairman of the Nomination Committee of the Company ("**Nomination Committee**") in March 2017. Mr. Xie is also a director of certain subsidiaries of the Group. Mr. Xie graduated from Heilongjiang University in 1982 with a bachelor's degree in philosophy. He then further studied and obtained a master's degree in economics from Harbin Institute of Technology in 1993 and a doctorate in economics from Nankai University in 2004.

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

Mr. Xie has held various key positions in certain banks, securities firms and insurance companies in the People's Republic of China (the "**PRC**") and listed companies in Singapore, and has extensive experience in management of financial institutions. Mr. Xie was an independent non-executive director of SuperRobotics Limited (listed on the GEM of the Stock Exchange) from August 2018 to May 2019, a non-executive director of China Smartpay Group Holdings Limited (listed on the GEM of the Stock Exchange) from April 2017 to October 2018 and Elife Holdings Limited (listed on the main board of the Stock Exchange) from November 2016 to July 2017. He was a deputy general manager of China Investment Corporation ("**CIC**") (中國投資有限責任公司) and an executive director and general manager of Central Huijin Investment Ltd. (中央滙金投資有限責任公司), a subsidiary of CIC which makes equity investment in key state-owned financial institutions in the PRC, from 2014 to 2015. From 2008 to 2014, Mr. Xie was an executive director and deputy general manager of China Everbright Group Limited (中國光大集團總公司) and the chairman of Sun Life Everbright Life Insurance Co., Ltd. (光大永明人壽保險有限公司) and Sun Life Everbright Asset Management Co., Ltd. (光大永明資產管理股份有限公司). From 2006 to 2008, he was the vice president and director of reorganisation and listing office of China Everbright Bank Company Limited. From 2001 to 2006, Mr. Xie was a director and chief executive officer of Everbright Securities Company Limited, an executive director of China Everbright Group and China Everbright Limited (listed on the main board of the Stock Exchange), a vice chairman (unattending) of China Enterprises Association (Singapore), a director of Shenyin & Wanguo Securities Co., Ltd. and Everbright Pramerica Fund Management Co., Ltd. and a vice chairman (unattending) of Securities Association of China.

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

MR. HUA YANG

Mr. HUA Yang, aged 43, was appointed as a non-executive Director and a member of the Remuneration Committee in October 2017. He was re-designated as an executive Director and the Chief Executive Officer of the Company in March 2018. Mr. Hua was further appointed as a member of the Nomination Committee in September 2018. He is currently a director of certain subsidiaries of the Group. Mr. Hua graduated from Beijing Forestry University with a bachelor’s degree in Economics in 1997. He further obtained a master’s degree in Business Administration (EMBA) from Cheung Kong Graduate School of Business in 2005.

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

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

MR. ZHU YI

Mr. ZHU Yi, aged 32, was appointed as an executive Director in September 2018. He joined the Group in May 2017 and is the department head of the Compliance and Risk Management Department and the Executive Directors Office of the Group, responsible for overseeing the legal and compliance, risk management and internal control as well as human resources and administrative management of the Group. He is also a director of certain subsidiaries of the Group. Mr. Zhu graduated from Peking University in 2008 with bachelor’s degrees in Laws and Economics respectively. He then further obtained a master’s degree in Laws from Southern Methodist University in the United States of America (the “**USA**”) in 2010 and a master’s degree in Laws from Peking University in 2011. Mr. Zhu is a Chartered Financial Analyst (CFA) charterholder, and possesses of a non-practicing lawyer qualification in the PRC and the New York State of the USA respectively.

Prior to joining the Group, Mr. Zhu worked with a leading global information and communication infrastructure and smart terminal provider in the PRC for several years, mainly responsible for the legal and compliance, financial analysis and project management of its cross-border capital investment projects. He has extensive and hands-on experience in project evaluation, deal structure design, due diligence, legal instruments drafting and negotiation, etc. in dealing with the merger and acquisition, joint ventures, private equity and venture capital projects of this group.

NON-EXECUTIVE DIRECTOR

MR. HAN HANTING

Mr. HAN Hanting, aged 34, was appointed as an executive Director and a member of the Nomination Committee in October 2017. He was re-designated as a non-executive Director and ceased to be a member of the Nomination Committee in September 2018. Mr. Han joined the Company in 2015 and was the Chief Operating Officer of the Company from November 2016 to September 2018. He is also a director of a subsidiary of the Group. Mr. Han was an investment manager of a wholly-owned subsidiary of the Group during the period from 2009 to 2013. Mr. Han obtained a bachelor's degree from University of Warwick majoring in Mathematics, Operational Research, Statistics and Economics in 2006.

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

MR. CHEN ZHIWEI

Mr. CHEN Zhiwei, aged 35, was appointed as a non-executive Director in April 2018. Mr. Chen graduated from Tsinghua University with a bachelor's degree in Economics in 2004. He then further studied at the National University of Singapore and obtained a master's degree in Science (Estate Management) in 2009.

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

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

According to the register required to be kept by the Company under section 336 of the Securities and Futures Ordinance ("**SFO**", Chapter 571 of the Laws of Hong Kong), Mankind is interested in 890,900,000 underlying shares of the Company. Mankind is wholly-owned by China Cinda (HK) Asset Management Co., Limited ("**CCAM**") which beneficially holds 23,000,000 Shares. CCAM is deemed to be interested in the underlying shares held by Mankind. CCAM in turn is wholly-owned by Cinda (HK). Cinda (HK) is wholly-owned by China Cinda Asset Management Co., Limited ("**China Cinda**", a company listed on the main board of the Stock Exchange). As such, China Cinda and Cinda (HK) are deemed to be interested in the Shares and underlying shares of the Company held by CCAM and Mankind respectively as at the date of this annual report.

MR. WU LING

Mr. WU Ling, aged 65, was appointed as a non-executive Director in December 2011. Mr. Wu holds a bachelor's degree in Economics from Zhongnan University of Economics and Law. He is a senior economist and has over 20 years of experience in the area of banking and financial services related business in the PRC. Mr. Wu was an executive director and vice chairman of Cinda (HK).

INDEPENDENT NON-EXECUTIVE DIRECTOR

MR. CHAN KIN SANG

Mr. CHAN Kin Sang, aged 67, was appointed as an independent non-executive Director in July 2014. He is also a member of the Audit Committee of the Company ("**Audit Committee**"). Mr. Chan is currently a senior partner of Messrs. Peter K.S. Chan & Co., Solicitors and Notaries (a law firm which provides various services including corporate matters and litigations). Mr. Chan obtained a bachelor's degree in Laws from the University of Hong Kong in 1979 and a postgraduate certificate in Laws from the University of Hong Kong in 1980. He has been a practising solicitor in Hong Kong since April 1982 and has been admitted as a Notary Public since April 1997 and a China-appointed Attesting Officer since January 2000. Mr. Chan has also been a Fellow of The Hong Kong Institute of Directors since August 2004 and a chairman of the Appeal Tribunal (Buildings Ordinance Cap.123) since February 2007.

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

Over the past three years, Mr. Chan was a non-executive director of China Healthcare Enterprise Group Limited from October 2016 to July 2017 and Combest Holdings Limited from June 2011 to January 2017 (companies listed on the main board and the GEM of the Stock Exchange respectively); an independent non-executive director of China Taifeng Beddings Holdings Limited from November 2009 to September 2017 (delisted from the main board of the Stock Exchange in February 2019), CEFC Hong Kong Financial Investment Company Limited (formerly known as Runway Global Holdings Company Limited) from October 2015 to December 2016 and Munsun Capital Group Limited from June 2004 to October 2016 (both are listed on the main board of the Stock Exchange); and an independent non-executive director of Tianjin TEDA Biomedical Engineering Company Limited from May 2013 to December 2016 (listed on the GEM of the Stock Exchange).

MR. NG KAY KWOK

Mr. NG Kay Kwok, aged 57, was appointed as an independent non-executive Director in September 2007. He is also the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. Mr. Ng graduated from the Australian National University with a bachelor's degree in Economics and obtained a graduate diploma in Accounting from Macquarie University. He is a member of CPA Australia and has extensive experience in accounting and financial management. Mr. Ng is an independent non-executive director of The Hong Kong Building and Loan Agency Limited (listed on the main board of the Stock Exchange). He was an independent non-executive director of Merdeka Financial Services Group Limited (listed on the GEM of the Stock Exchange) from July 2013 to April 2019.

MR. CHIU KUNG CHIK

Mr. CHIU Kung Chik, aged 34, was appointed as an independent non-executive Director in March 2017. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. Mr. Chiu graduated from the University of Chicago with a bachelor's degree in Economics. He has extensive experience and knowledge in investment banking, capital financing, corporate restructuring, merger and acquisition, complex transaction structuring, etc. Mr. Chiu currently serves as an independent non-executive director of Beijing Enterprises Clean Energy Group Limited (listed on the main board of the Stock Exchange).

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

MR. LI GAOFENG

Mr. LI Gaofeng, aged 45, was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee in October 2017. Mr. Li graduated from Henan Institute of Finance and Economics with a bachelor's degree in Economics majoring in Investment Management in 1995. He further obtained a master's degree in Economics majoring in International Finance from Tianjin University of Finance and Economics in 1998. Mr. Li is a non-practicing member of the Chinese Institute of Certified Public Accountants.

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

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 63 of this annual report.

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

PROPERTY AND EQUIPMENT

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

SHARE CAPITAL AND CONVERTIBLE BONDS

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

RESERVES

Movements in the reserves of the Group during the Reporting Year are set out in the consolidated statement of changes in equity on page 66 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2019 and 31 March 2018, the Company had no reserve available for distributions.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 148 of this annual report. This summary does not form part of the audited consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2019 is set out in the section headed "Management Discussion and Analysis" on pages 6 to 13 of this annual report. These discussions form part of this Directors' Report.

Compliance with Relevant Laws and Regulations

During the year ended 31 March 2019, as far as the Board and the management are aware, there was no breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the business and operation of the Group.

Relationship with Employees, Customers and Suppliers

The Group understands the importance of maintaining a good relationship with its employees and customers to meet its immediate and long-term business goals. During the year ended 31 March 2019, there was no material and significant dispute between the Group and its employees and customers.

Environmental Policies and Performance

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

SHARE OPTION SCHEME

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

1. Purpose	:	To provide incentives and rewards to the eligible participants who contribute to the success of the Group's operations.
2. Participants	:	Eligible participants include any employee (including Directors), any business associate, any person or entity that provides research, development or other technological support to the Group or any invested entity, and any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or an invested entity.
3. Total number of shares available for issue under the 2012 Scheme and the percentage of the issued shares that it represents as at the date of this annual report	:	As approved by the Shareholders at the annual general meeting of the Company held on 30 August 2018 (the "**2018 AGM**"), the scheme limit of the 2012 Scheme has been refreshed to issue share options to subscribe for up to 708,607,885 Shares, representing 10% of the total number of Shares in issue as at the date of the 2018 AGM. The total number of Shares available for issue under the 2012 Scheme as at the date of this annual report was 708,607,885 Shares, representing approximately 7.74% of the Shares in issue as at the date of this annual report.

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

No share option was granted, exercised, lapsed or cancelled during the year ended 31 March 2019 under the 2012 Scheme.

As at 31 March 2019, the Company did not have any outstanding share options granted but yet to be exercised under the 2012 Scheme.

DIRECTORS

The Directors during the year ended 31 March 2019 and up to the date of this Directors' Report were as follows:

Executive Directors

Mr. XIE Zhichun *(Chairman)*	
Mr. HUA Yang *(Chief Executive Officer)*	
Mr. ZHU Yi	(appointed on 28 September 2018)
Mr. LIU Yinan	(resigned on 28 September 2018)

Non-executive Directors

Mr. HAN Hanting	(re-designated on 28 September 2018#)
Mr. CHEN Zhiwei	(appointed on 17 April 2018)
Mr. WU Ling	
Mr. TANG Baoqi	(resigned on 17 April 2018)

Independent non-executive Directors

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

Mr. HAN Hanting was re-designated from an executive Director and Chief Operating Officer of the Company to a non-executive Director with effect from 28 September 2018.

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

Accordingly, Mr. ZHU Yi will hold office until the forthcoming annual general meeting of the Company (the "**AGM**") and, being eligible, offer himself for re-election at that AGM.

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

Accordingly, Mr. XIE Zhichun, Mr. NG Kay Kwok and Mr. CHIU Kung Chik shall retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 14 to 18 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

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

The Company has maintained Directors' liability insurance during the year ended 31 March 2019 and up to the date of this annual report which provides appropriate cover for the Directors.

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

As at 31 March 2019, the interests and short positions of each of the Directors or chief executive of the Company and their associates in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules governing the Listing of securities on the Stock Exchange (the "**Listing Rules**") were as follows:

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

Name of Director	Capacity	Interest in Shares	Interest in underlying shares	Total interest in Shares/ underlying shares	Approximate percentage of the issued share capital of the Company
Mr. XIE Zhichun ("**Mr. Xie**") (Note)	Interest of controlled corporation	2,744,350,000	2,350,000,000	5,094,350,000	55.65%

Note:

Mr. Xie was deemed to be interested in 2,744,350,000 Shares held by Riverhead Capital (a company which was owned as to 80% by Mr. Xie) and 2,350,000,000 underlying shares of the Company which may be issued upon the exercise of the conversion rights attaching to the convertible bonds (at the conversion price of HK$0.06 per conversion share) (i) in an aggregate outstanding principal balance amount of HK$81,000,000 issued by the Company to Riverhead Capital on 28 June 2017 and 5 July 2018; and (ii) in the principal amount of HK$60,000,000 to be issued by the Company to Riverhead Capital pursuant to the subscription agreement entered into between the Company and Riverhead Capital on 22 November 2016 subject to the fulfillment of the conditions as contained therein.

Save as disclosed above, as at 31 March 2019, none of the Directors nor the chief executive of the Company, had or was deemed to have any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 March 2019, the interests of the Directors in the business which compete or are likely to compete either directly or indirectly, with businesses of the Group ("**Competing Businesses**") as required to be disclosed pursuant to the Listing Rules were as follows:

Name of Director	Name of company	Description of Competing Businesses	Nature of interest
Mr. Xie *(Executive Director)*	China Taiping Insurance Holdings Co. Ltd. ("**Taiping Insurance**")	Fund and asset management	As an independent non-executive director of Taiping Insurance
	China Minsheng Banking Corp. Ltd. ("**Minsheng Banking**")	Fund and asset management, securities dealing and broking, investment banking	As an independent non-executive director of Minsheng Banking
HAN Hanting *(Non-executive Director)*	Eternal Pearl Securities Ltd. ("**Eternal Pearl**")	Securities broking and margin financing	As a non-executive director of Eternal Pearl

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2019, as far as is known to the Directors and as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, the substantial Shareholders (other than a Director or a chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company were as follows:

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

Name of Shareholders	Capacity	Interest in Shares	Interest in underlying shares	Total interest in Shares and underlying shares	Approximate percentage of the issued share capital of the Company
Riverhead Capital (International) Management Co., Ltd. ("**Riverhead Capital**")(Note1)	Beneficial owner	2,744,350,000	2,350,000,000	5,094,350,000	55.65%
Ms. SUN Zhuyin ("**Ms. Sun**")(Note1)	Interest of Spouse	2,744,350,000	2,350,000,000	5,094,350,000	55.65%
Jadehero Limited ("**Jadehero**")(Note 2)	Beneficial owner	800,000,000	–	800,000,000	8.74%
Southlead Limited ("**Southlead**")(Note 2)	Interest of controlled corporation	800,000,000	–	800,000,000	8.74%
Santo Limited ("**Santo**")(Note 2)	Beneficial owner	1,416,430,000	–	1,416,430,000	15.47%
WHOLE ADVANCE LIMITED ("**Whole Advance**")(Note 2)	Interest of controlled corporation	2,216,430,000	–	2,216,430,000	24.22%
Liberal Expansion Limited ("**Liberal Expansion**")(Note 2)	Interest of controlled corporation	2,216,430,000	–	2,216,430,000	24.22%
Mr. ZHAO Xu Guang ("**Mr. Zhao**") (Note 2)	Interest of controlled corporation	2,216,430,000	–	2,216,430,000	24.22%
Mankind Investment Limited ("**Mankind**")(Note 3)	Beneficial owner	–	890,900,000	890,900,000	9.73%
China Cinda (HK) Asset Management Co., Limited ("**CCAM**")(Note 3)	Beneficial owner & Interest of controlled corporation	23,000,000	890,900,000	913,900,000	9.98%

Name of Shareholders	Capacity	Interest in Shares	Interest in underlying shares	Total interest in Shares and underlying shares	Approximate percentage of the issued share capital of the Company
China Cinda (HK) Holdings Company Limited ("**Cinda (HK)**")(Note 3)	Interest of controlled corporation	23,000,000	890,900,000	913,900,000	9.98%
China Cinda Asset Management Co., Limited ("**China Cinda**")(Note 3)	Interest of controlled corporation	23,000,000	890,900,000	913,900,000	9.98%
Ms. SIT Lai Hei ("**Ms. Sit**")(Note 4)	Beneficial owner	701,392,000	–	701,392,000	7.66%
Mr. HON Hau Fung ("**Mr. Hon**")(Note 4)	Interest of Spouse	701,392,000	–	701,392,000	7.66%
Eastasia Power Holding Limited ("**Eastasia Power**")(Note 5)	Beneficial owner	717,000,000	–	717,000,000	7.83%
Mr. CHENG Liquan Richard ("**Mr. Cheng**")(Note 5)	Beneficial owner & Interest of controlled corporation	718,500,000	–	718,500,000	7.84%
Ms. ZHOU Xuan ("**Ms. Zhou**")(Note 5)	Interest of Spouse	718,500,000	–	718,500,000	7.84%
Value Convergence Holdings Limited ("**VCH**")(Note 6)	Beneficial owner	131,492,000	2,559,750,000	2,691,242,000	29.40%

Notes:

1. As at 31 March 2019, Riverhead Capital beneficially held 2,744,350,000 Shares and 2,350,000,000 underlying shares of the Company which may be issued upon the exercise of the conversion rights attaching to the convertible bonds (at the conversion price of HK$0.06 per conversion share) (i) in an aggregate outstanding principal balance amount of HK$81,000,000 issued by the Company to Riverhead Capital on 28 June 2017 and 5 July 2018; and (ii) in the principal amount of HK$60,000,000 to be issued by the Company to Riverhead Capital pursuant to the subscription agreement entered into between the Company and Riverhead Capital on 22 November 2016 subject to the fulfillment of the conditions as contained therein. Riverhead Capital is owned as to 80% by Mr. Xie (the executive Director and Chairman of the Company) who is also the sole director of Riverhead Capital. For the purpose of the SFO, Mr. Xie was deemed to be interested in the Shares and underlying shares held by Riverhead Capital.

   Ms. Sun is the spouse of Mr. Xie, therefore, Ms. Sun was deemed to be interested in 2,744,350,000 Shares and 2,350,000,000 underlying shares of the Company which Mr. Xie has a deemed interest therein under the SFO.

2. As at 31 March 2019, Jadehero beneficially held 800,000,000 Shares and Santo beneficially held 1,416,430,000 Shares. Jadehero is owned as to 80% by Southlead. Southlead was deemed to be interested in the Shares held by Jadehero. Southlead and Santo are wholly-owned by Whole Advance. Whole Advance is wholly-owned by Liberal Expansion which in turn is wholly-owned by Mr. Zhao. For the purpose of the SFO, Mr. Zhao, Liberal Expansion and Whole Advance were deemed to be interested in the Shares held by Jadehero and Santo.

3. As at 31 March 2019, Mankind beneficially held 890,900,000 underlying shares of the Company, which may be issued upon the exercise of the conversion rights attaching to the convertible bonds in the outstanding principal balance amount of HK$53,454,000 (at the conversion price of HK$0.06 per conversion share) by the Company to Mankind pursuant to the subscription agreement entered into between the Company and Mankind on 22 November 2016. Mankind is wholly-owned by CCAM which beneficially held 23,000,000 Shares. CCAM was deemed to be interested in the underlying shares held by Mankind. CCAM in turn is wholly-owned by Cinda (HK). Cinda (HK) is wholly-owned by China Cinda. For the purpose of the SFO, China Cinda and Cinda (HK) were deemed to be interested in the Shares and underlying shares held by CCAM and Mankind.

4. As at 31 March 2019, Ms. Sit beneficially held 701,392,000 Shares. Mr. Hon is the spouse of Ms. Sit. For the purpose of the SFO, Mr. Hon was deemed to be interested in the Shares held by Ms. Sit.

5. As at 31 March 2019, Eastasia Power beneficially held 717,000,000 Shares and Mr. Cheng beneficially held 1,500,000 Shares. Eastasia Power is wholly-owned by Mr. Cheng. Therefore, Mr. Cheng was deemed to be interested in the Shares held by Eastasia Power. Ms. Zhou is the spouse of Mr. Cheng. For the purpose of the SFO, Ms. Zhou was deemed to be interested in the Shares held by Eastasia Power and Mr. Cheng.

6. As at 31 March 2019, VCH beneficially held 131,492,000 Shares and 2,559,750,000 underlying shares of the Company which may be issued by the Company upon the exercise of the conversion rights attaching to the convertible bonds in the principal amount of HK$153,585,000 (at the conversion price of HK$0.06 per conversion share) held by VCH.

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

Save as disclosed above, as at 31 March 2019, the Directors were not aware of any substantial Shareholder (who was not the Director or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which was required to be entered in the aforesaid register pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

During the Reporting Year, Mr. Xie (a Director and substantial Shareholder) has provided a personal guarantee to secure a revolving loan facility of up to HK$260,000,000 agreed to be granted by a bank to the Company. The provision of the personal guarantee by Mr. Xie to the Company constitutes a connected transaction of the Company under the Listing Rules. As at 31 March 2019, such personal guarantee was terminated upon expiry of the aforesaid loan facility.

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

MANAGEMENT CONTRACTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2019, revenue attributable to the 5 largest customers of the Group accounted for less than 30% of the Group's total revenue.

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

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit scheme of the Group and the employer's retirement benefit costs charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 are set out in note 40 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE REPORT

The Company's corporate governance codes are set out in the Corporate Governance Report on pages 31 to 45 of this annual report.

EVENT AFTER THE REPORTING YEAR

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

TAXATION OF HOLDERS OF SHARES

Hong Kong

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

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

Cayman Islands

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

Consultation with professional advisers

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

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in Directors' information of the Company since the date of the interim report of the Company for the period ended 30 September 2018 were as follows:

- Mr. CHEN Zhiwei was appointed as a non-executive director of Silver Grant International Industries Limited with effect from 29 January 2019.

- Mr. NG Kay Kwok resigned as an independent non-executive director of Merdeka Financial Services Group Limited with effect from 1 April 2019.

- Mr. XIE Zhichun ceased to be an independent non-executive director of SuperRobotics Limited with effect from 8 May 2019.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the interim report of the Company for the period ended 30 September 2018 and up to the date of this report.

REVIEW OF FINANCIAL INFORMATION

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

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including the review of the audited consolidated financial statements and annual results of the Group for the year ended 31 March 2019.

AUDITOR

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

The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by Grant Thornton which will retire at the conclusion of the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Shareholders to re-appoint Grant Thornton as auditor of the Company.

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

On behalf of the Board

HUA Yang
Director

Hong Kong, 26 June 2019

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

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

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

CORPORATE GOVERNANCE CODE COMPLIANCE

Throughout the year ended 31 March 2019, the Company has complied with all code provisions and, where appropriate, met the recommended best practices of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

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

Board Composition

As at 31 March 2019, the composition of the Board was as follows:

Executive Directors	Non-executive Directors	Independent non-executive Directors
Mr. XIE Zhichun *(Chairman)*	Mr. HAN Hanting	Mr. CHAN Kin Sang
Mr. HUA Yang	Mr. CHEN Zhiwei	Mr. NG Kay Kwok
Mr. ZHU Yi	Mr. WU Ling	Mr. CHIU Kung Chik
		Mr. LI Gaofeng

The Chairman and the non-executive Directors (including the independent non-executive Directors) have met at least once every year without the presence of executive Directors and the management and such meeting was held on 28 November 2018.

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

Number of Board meetings, committees meetings and general meetings held during the year ended 31 March 2019 and the attendance rate of the individual Directors are set out below:

Directors	Board Meeting ("BM")	Audit Committee Meeting ("ACM")	Remuneration Committee Meeting ("RCM")	Nomination Committee Meeting ("NCM")	Annual General Meeting ("AGM")
Executive Directors					
XIE Zhichun *(Chairman)*	5/5	N/A	1/1	1/1	1/1
HUA Yang(Note 1)	5/5	N/A	1/1	0/0	1/1
ZHU Yi(Note 2)	3/3	N/A	N/A	N/A	0/0
LIU Yinan(Note 3)	2/2	N/A	N/A	N/A	1/1
Non-executive Directors					
HAN Hanting(Note 4)	5/5	N/A	N/A	1/1	1/1
CHEN Zhiwei(Note 5)	4/5	N/A	N/A	N/A	1/1
WU Ling	5/5	N/A	N/A	N/A	1/1
Independent non-executive Directors					
CHAN Kin Sang	5/5	3/3	N/A	N/A	1/1
NG Kay Kwok	5/5	3/3	1/1	1/1	1/1
CHIU Kung Chik	4/5	3/3	1/1	1/1	1/1
LI Gaofeng	5/5	3/3	1/1	1/1	1/1

Notes:

1. Mr. HUA Yang was appointed as a member of the Nomination Committee on 28 September 2018. No NCM was held since his appointment.

2. Mr. ZHU Yi was appointed as a Director on 28 September 2018. Three BMs were held but no AGM was held since his appointment.

3. Mr. LIU Yinan has resigned as a Director on 28 September 2018. Two BMs and an AGM were held prior to his resignation.

4. Mr. HAN Hanting ceased to be a member of the Nomination Committee on 28 September 2018. One NCM was held prior to his cessation.

5. Out of the five BMs held during the Reporting Year, one of which was participated by the alternate of Mr. CHEN Zhiwei on behalf of him.

Throughout the year ended 31 March 2019, the Company has four independent non-executive Directors, representing one third of the Board, whom the Company considers to have appropriate professional qualifications or accounting or related financial management experience and qualifications to carry out their duties.

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

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

Operation of the Board

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

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

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

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

Director induction and continuous professional development

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

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

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

During the year under review, the Company has invited a representative from the Independent Commission Against Corruption to give an in-house seminar on "Backdoor Traps — The Directors' Integrity Governance Role" for its Directors. Besides, individual Directors who have participated in other continuous professional training organized by professional bodies and/or government authorities had also provided the Company with their records of continuous professional development. Such training records were kept by the Company Secretary.

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

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

(2) Participation in the continuous professional training seminars/conferences/courses/workshops organized by other professional bodies and/or government authorities on topics relating to directors' duties and/or their respective professionalism; and

(3) Reading materials relating to the latest development in laws, rules and regulations in relation to the directors' duties and responsibilities, corporate governance and finance industry, as well as watching videos prepared by the Stock Exchange in relation to the aforesaid topics.

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

Members of the Board	**Training(s) received**
Executive Directors	
XIE Zhichun *(Chairman)*	(1) & (3)
HUA Yang	(1) & (3)
ZHU Yi	(1) & (3)
LIU Yinan *(resigned on 28 September 2018)*(Note i)	(3)
Non-executive Directors	
HAN Hanting(Note ii)	(3)
CHEN Zhiwei(Note ii)	(3)
WU Ling	(1) & (3)
Independent non-executive Directors	
CHAN Kin Sang	(1), (2) & (3)
NG Kay Kwok	(1) & (3)
CHIU Kung Chik(Note ii)	(3)
LI Gaofeng	(1) & (3)

Notes:

(i) No in-house seminar was provided by the Company before 28 September 2018.

(ii) Mr. HAN Hanting, Mr. CHEN Zhiwei and Mr. CHIU Kung Chik were absent from the in-house seminar provided by the Company on 27 March 2019.

LIABILITY INSURANCE FOR THE DIRECTORS

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

CHAIRMAN AND CHIEF EXECUTIVE

Code Provision A.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of the Chairman and the Chief Executive Officer of the Company are performed by Mr. XIE Zhichun and Mr. HUA Yang respectively.

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

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

NON-EXECUTIVE DIRECTORS

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

BOARD COMMITTEES

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

Remuneration Committee

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

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

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

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

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

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

(f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive for the Company;

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

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

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

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

— to recommend the remuneration package of the newly appointed Directors, namely Mr. ZHU Yi and Mr. CHEN Zhiwei, to the Board for approval; and

— to recommend the revised remuneration of Mr. HAN Hanting to the Board for approval subsequent to his re-designation from an executive Director and the Chief Operating Officer of the Company to a non-executive Director.

Nomination Committee

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

The main duties of the Nomination Committee are as follows:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

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

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

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

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

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

— to review the composition of the Board;

— to review and assess the independence of the independent non-executive Directors;

— to recommend the appointment of Mr. ZHU Yi and Mr. CHEN Zhiwei as executive Director and non-executive Directors respectively for the Board's approval; and

— to recommend the re-designation of Mr. HAN Hanting from an executive Director and the Chief Operating Officer of the Company to a non-executive Director for the Board's approval.

Nomination Policy

A nomination policy was adopted by the Company in November 2018 (the "**Nomination Policy**") which sets out the selection criteria and nomination procedures in identifying and recommending candidates as Directors for the Board's consideration. In assessing the suitability of a proposed candidate for directorship, the Nomination Committee will take into account (i) the Company's actual needs, (ii) the candidate's skills and professional experience that are complementary to the other members of the Board and (iii) the diversity of the Board, including but not limited to gender, age, cultural and educational background, etc.

The Nomination Committee will review the Nomination Policy from time to time and discuss any revisions required, and will recommend such revisions to the Board for consideration and approval.

Board Diversity Policy

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

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

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

Audit Committee

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

Relationship with the Company's auditor

(a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

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

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

Review of the Company's financial information

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

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from the audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

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

(e) regarding (d) above:

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

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

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

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

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

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

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

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

(k) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

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

(m) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

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

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

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

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

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

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

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

(d) to discuss with the auditor on the annual audit scope; and

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

Executive Committee

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

During the year ended 31 March 2019, the Board has duly discharged the above-mentioned duties.

AUDITOR'S REMUNERATION

For the year ended 31 March 2019, the auditor's remuneration paid or payable by the Group to Grant Thornton in respect of the audit and other non-audit services were as follows:

	HK$
Audit services	1,050,000
Non-audit services	
— other professional services	nil

Auditor's responsibilities for financial statements

The reporting responsibilities of the Grant Thornton to the Shareholders are set out in the Independent Auditor's Report on pages 61 and 62 of this annual report.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements for the financial year ended 31 March 2019 and ensuring that such financial statements give a true and fair view of the affairs of the Group and of the Group's results and cash flow and in compliance with the relevant laws and disclosure provisions of the Listing Rules. In preparing the consolidated financial statements for the year ended 31 March 2019, the Directors have selected appropriate accounting policies and applied them consistently; made prudent and reasonable judgments and estimates; and have prepared the financial statements on a going concern basis.

COMPANY SECRETARY

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

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

Convening of extraordinary general meeting of the Company

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

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

Enquiries to the Board

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

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

Dividend Policy

A dividend policy was adopted by the Company in November 2018 (the "**Dividend Policy**") which sets out the guideline for distribution of dividends to the Shareholders. The Dividend Policy aims to strike a balance between the Shareholders' interests and the Company's capital requirement for business operation and development needs. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval by the Shareholders at the annual general meeting.

In proposing any dividend payout, the Board will take into account, inter alia, the Group's financial results and liquidity, its business strategies and development plans, as well as other factors that the Board may consider appropriate.

The Board will review the Dividend Policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary.

INVESTOR RELATIONS

Constitutional Documents

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

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

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

Apart from the internal review of the risk management and internal control systems on a quarterly basis, the Company also engages independent internal control advisors to conduct an overall review of the effectiveness of the risk management and internal control systems of the Group at regular intervals. Such a comprehensive review has been conducted in 2017. The scope of review included trading of listed securities cycle, human resource and payroll cycle, cash management and treasury cycle and financial reporting cycle for the Company, etc. The internal control advisor performed interviews, reviewed the relevant documents and reported major findings and areas for improvement to the Audit Committee. No material issue on the Group's internal control system was identified after the review. All recommendations from internal control advisor have been followed up closely to ensure that they were implemented within a reasonable period of time. Hence, the Board considers that the existing risk management and internal control systems of the Group are effective and adequate to meet its needs in its current business environment.

Inside Information Disclosure Policy

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

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

The AGM is a valuable forum for the Board to communicate directly with the Shareholders. An AGM circular was distributed to all Shareholders at least 20 clear business days prior to the AGM held on 30 August 2018 (the "**2018 AGM**"), setting out the details of each proposed resolution and other relevant information. Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual Directors. Shareholders have the opportunity to participate and vote in general meetings and are informed of the rules and voting procedures that govern the general meeting.

The 2018 AGM of the Company was held at Units 4301–8 & 13, 43rd Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong. The Chairman of the Board and the chairmen of Board Committees, accompanied by other Directors, attended the 2018 AGM. Please refer to the table set out on page 32 of this annual report for details of attendance of the individual Directors at the 2018 AGM. The external auditor of the Company, Grant Thornton, also attended at the 2018 AGM to answer questions raised by the Shareholders.

Environmental, Social and Governance Report

OVERVIEW

The Company is pleased to present the Environmental, Social and Governance ("**ESG**") report, which summarized the ESG initiatives and accomplishments for the year ended 31 March 2019.

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

REPORT SCOPE AND BOUNDARIES

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

STAKEHOLDERS' ENGAGEMENT

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

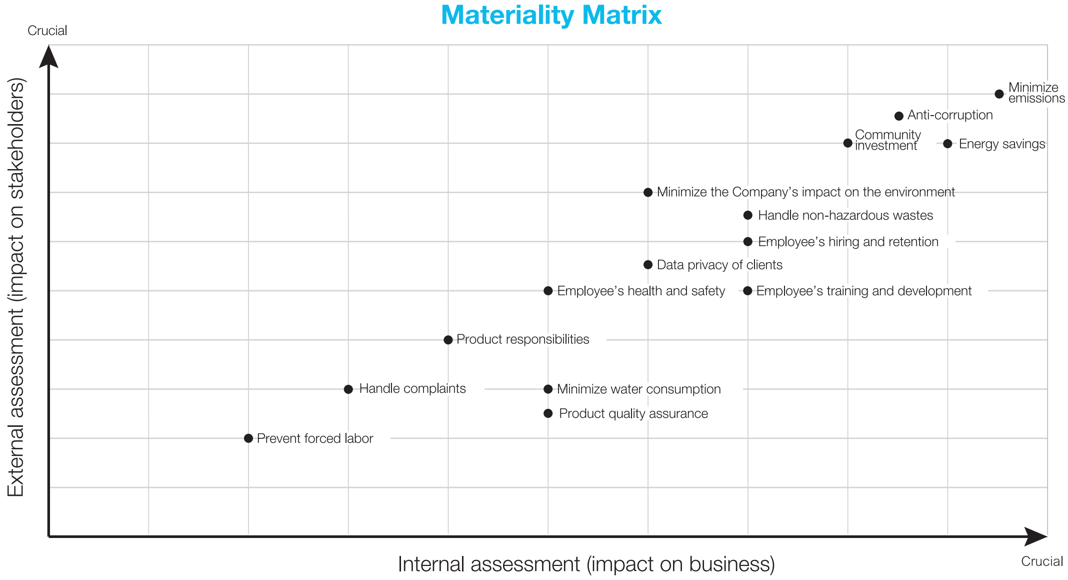
The following table shows the main expectations and concerns of the major stakeholders as identified by the Company, and the corresponding management responses:

Stakeholders	Expectations	Management Feedback
Customers	• Integrity • High quality services	• Ensuring contractual obligations are in place for protection of customers' benefits and rights • Collecting customers' opinion from various channels in order to improve customer satisfaction
Employees	• Humanity • Health and safety • Career development • Labor rights	• Paying attention to occupational health and safety, creating a comfortable working environment • Encouraging employees to participate in continuous education and professional trainings to enhance competency • Holding team building function to increase workplace collaboration • Setting up contractual obligations to protect labor rights
Shareholders	• Return on investment • Interest protection • Information transparency • Operating risks management	• Ensuring efficient communications and information disclosure through shareholder's meetings, annual reports and regular announcements published on HKEx and official websites
Government and Regulatory Authorities	• Compliance with laws and regulations • Fulfil tax obligations • Cooperation for mutual benefits	• Upholding integrity and operating business in compliance with law and regulations • Paying tax on time in return contributing to the society
Suppliers	• Integrity	• Ensuring contractual obligations are in place to protect mutual benefit • Performing supplier selection with due care to ensure fair and open procurement
Community	• Involvement in communities • Environmental protection awareness	• Encouraging employees to participate in volunteer and charitable activities • Implementing various environmental protection measures in order to reduce environmental impact

MATERIALITY ASSESSMENT

The Company assesses and analyses the importance of ESG reporting issues. Factors such as business strategy objectives and policies, industry standards, legal and regulatory responsibilities, environmental protection, use of resources, service quality control, employee protection have been taken into consideration for identifying the important issues. There are 15 important issues identified through materiality assessment and prioritized as below in the materiality matrix. The issues in the upper right corner are of high importance to the stakeholders and the Company's responses to these important issues have been elaborated in more details in the following sections of this report.

Materiality Matrix



A. Environmental

The Company is committed to build an environmentally-friendly corporation. It pursues to minimise resource consumption and adopts environment friendly practices across the business. As a financial institution operates in an office setting, the major environment impact is the greenhouse gas emission attributable to electricity and associated with business travels. The Company is striving to reduce the consumption of resources including electricity, water and waste by integrating various green practices into the daily operation to reduce the emission of carbon dioxide.

A1: Emissions

Greenhouse Gas ("GHG") Emissions

The Company's vision focuses on eliminating excessive usage of resources. During the Reporting Year, the Company produced a total of 188,335kg Carbon Dioxide Equivalent Emissions. The NOx, PM and SOx emitted by company cars accounted for 3,857g, 284g and 106g respectively. Other emissions such as carbon dioxides generated from business travels have become the biggest attributor to the GHG Emissions due to the increase of business travels as the business growth. Therefore, employees are highly encouraged to hold video conference call, if feasible, to avoid carbon footprints and air pollutant emissions contributed by means of transportation in the future.

GHG Emissions	**Carbon Dioxide Equivalent Emission** (in kg)	**Intensity** (kg per employee)
Scope 1 — Direct Emissions (Vehicles)	19,575	208
Scope 2 — Indirect Emissions (Acquired Electricity)	65,994	702
Scope 3 — Other Emissions (Business Trips)	102,766	1,093
Total GHG Emissions	188,335	2,003

Air Emissions	**Emission** (in g)	**Intensity** (g per employee)
Nitrogen oxides (NOx)	3,857	41
Particulate matter (PM)	284	3
Sulphur oxides (SOx)	106	1

Wastes

In view of its business nature, the Company did not create hazardous waste as defined in the "1989 The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal" during the Reporting Year. The solid wastes generated by the Company are non-hazardous wastes, including domestic garbage and recyclable wastes, which the Company has taken various measures to eliminate the impact and promote "green office" concept, such as encouraging employees to reduce the usage of one-off products, setting up recycling bins and arranging recycle company to collect the toner cartridges for recycling.

A2: Use of Resources

The Company proactively implements conservative energy usage and resource consumption measures to achieve efficient use of resources. It has implemented various initiatives throughout our operations such as deploying energy-efficient devices which carry energy efficiency label, minimizing the use of paper and reducing water consumption. Through actively monitoring and managing the use of resources, it aims to reduce our carbon footprints as well as our operating cost.

Energy consumption

During the Reporting Year, the total volume of petrol and electricity directly consumed by the Company respectively were as follows:

Types of energy	Consumption	Unit	Intensity (unit per employee)
Petrol	7,229	Litre	77
Electricity	83,537	kWh	889

Water consumption

The Company's water consumption is minimal as it operates in office premises of which both of the water supply and discharge are solely controlled by the building's management office, and so it is considered that provision of water withdrawal and discharge data or sub-meter for individual occupant not feasible. Still the Company promotes water saving practices in the workplace by encouraging its employees to reduce water use in order to build the awareness on water conservation.

Others

In particular, the Company promotes "think before you print" attitude and encourage its employees to reduce the use of papers by assessing the necessity of printing and where appropriate to use duplex printing and reuse any single-side printed papers. It encourages paperless by facilitating the use of electronic means for communication such as intranet, email, internal workflow system. The plain paper consumption by the Company was about 705,946 piece during the Reporting Year.

Since the Company is principally engaged in the provision of financial services, packaging is not involved in the usual course of the Company's business and therefore use of packaging material during the Reporting Year is not applicable.

A3: Environment and Nature Resources

The Company considers protection of the environment being important for the well-being of society and the next generation. The Company has participated the "Earth Hour" event on 30 March 2019 to turn off all non-essential lights for one hour. Apart from this one-off event, the Company also adopts a series of practices to create an eco-friendly workplace:

- deploying electrical appliances with energy efficiency labels
- replacement of intelligent lighting control system with LED bulbs
- keeping the air-conditioning system between 24–26 degrees Celsius
- turning taps off tightly and maintaining and repairing toilet flushing system regularly to prevent dripping
- digitalizing the business operation to reduce printing and paper copies
- duplex printing and reuse any single-side printed papers to reduce paper consumption
- setting up recycling bins to collect recyclable products, such as papers and toner cartridges

During the Reporting Year, the Company did not aware of any case of non-compliance with the environmental related laws and regulations.

B. Social

To maintain the competitiveness in the industry for the long term success, it is essential for the Company to build a loyal and competent work environment and commit a giving-back concept to support the employees, and to show compassion to the society.

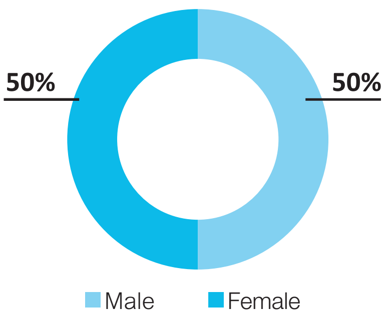
B1: Employment

The Company believes that employees are the valuable assets for building a sustainable business model and future development. It plays an important role to driving the business growth and success. Therefore, "People oriented" is the Company's persistent principles. In this regards, the Company communicates with all employees and provides various benefits and career development opportunities, striving to create a harmony, inclusive, energetic working atmosphere continuously to achieve mutual development of employees and the Company.

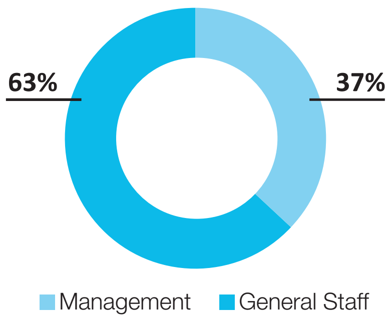
Staff Overview

As at 31 March 2019, the Company had a total of 94 employees in the Hong Kong Office . The male to female ratio of the Company was 5:5. In terms of age, around 74% of the employees aged 40 or below, 16% of the employees aged 41–50 and the remaining 10% of the employees aged over 51. The demographics of the Company's workforce are as follows:

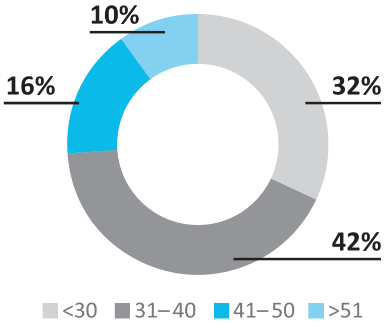
By Gender



By Employee Category



By Age



Recruitment and Promotion

The Company endeavours to promote a fair, open and non-discriminatory of employment practices to ensure equal opportunities for all individuals. The Company does not discriminate on the reasons of religion, race, gender, age and disability, or any other aspect of personal difference that is unrelated to job requirements or role. In all recruitment and promotion procedures, the Company adheres to the principles of openness and fairness. The recruitment assessment and appraisal shall be conducted in an objective and impartial manner. Thus, the Company did not aware of any violations of the Hong Kong Bill of Rights Ordinance, Sex Discrimination Ordinances, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Race Discrimination Ordinance during the Reporting Year.

Employees define who China Fortune is through their knowledges and experiences. The Company recognizes their qualifications, experiences and work performances by offering attractive remuneration packages in return. In order to recognize their hard work throughout the year, remuneration packages are reviewed annually and bonuses are paid each year.

Working hours, Compensation, Benefits and Welfares

The Company ensures employment contracts are signed with employees based on the principles of legality, fairness and free will with mutual agreement and in good faith, in which matters of employment including working hours, rest time and holidays, remuneration, and welfares benefits are clearly defined.

The Company adopts a five-day work week. In addition to the basic benefits provided for the employees to comply with the relevant laws and regulations, such as paid annual leave, maternity leave, paid sick leave and marriage leave. The Company also offers to our employees with causal Friday, festival gifts, training subsidy, qualification allowance, traveling allowance and overtime allowance etc. The Company believes that enhancing employees' well-being which can be better equipped to give their best performance. We regularly organize various social activities for our employees, including lunch gathering and sport activities to create a harmony atmosphere and team spirit.

Termination

The Company values the relationship with employees. For every departing employee, it would conduct an exit interview with them to explore their reason for leaving or communicate the reason of dismissal. The Company welcomes suggestions on improvement from them. All the salaries and payments related to employment, such as severance payment and long service payment would be made in accordance with the Employment Ordinance. In particular, the Company closely monitors employee turnover and listens to the departing employees' comments through exit interview so that it can address employee concerns as well as implement the right retention measures. During the Reporting Year, there was no dismissal and all employees left the Company voluntarily, totalling 36 employees.

B2: Health and safety

The Company strives to provide a safe and comfortable work environment for the employees. Safety procedures have been included in the staff handbook to provide guidance on employee's responsiveness to emergencies, such as work arrangement for typhoon and rainstorm warning. The Company has put the first-aid kits in workplace in order to protect the health and safety of workers in the event that they are injured at work in offices. Every case of injury or accident and potential danger must be reported to the supervisors. The administration department shall assess every injury and accident and take remediation action to improve the safeness of workplaces.

In order to provide employees with health coverage, eligible employees are entitled to benefits including medical and life insurance. The Company also provides the staff with protective equipment, such as ergonomic chairs and the effective and bright lighting installed in workplace to relieve eye strain. The Company encourages the employees taking a break after working for a long time and stretch hands, shoulders, neck and waist to relax muscles during break. The Company regularly cooperates with the building's management office for air filter of air-conditioners cleaning to improve the air circulation.

During the Reporting Year, there was no work-related injury and non-compliance of Occupational Safety and Health Ordinance.

B3: Development and training

The Company commits to ensure that the talents, skills and abilities of the employees are recognised and are utilised to their full capacity. As such, the Company emphasises the importance of sufficient and adequate training to the staff for their career development and fulfilment of their job duties. It encourages the employees to continuously participate external seminars, lectures and industrial events to keep up with abreast of changes in areas of legal, compliance and market industry practices. To promote and cultivate the ongoing professional development of all employees, the Company offers training and professional license fee subsidies. The Company also regularly conducts internal training in regards of the Anti-Money Laundering procedure and counter-terrorist financing, recent updates on relevant regulation and other topics related to licensed regulated activities.

During the Reporting Year, the percentage of male and female employees received training were 51% and 47% respectively, and the percentage of the management and general staff received training were both 49%. In average, the training hours completed by male employees were 188 hours, and that of female employees were 171 hours. The average training hours of the management were 118 hours, while that of the general staff were 241 hours.

B4: Labour standards

In strict compliance with relevant labour laws or other relevant laws in other jurisdiction, the Company prohibits to hire child labour and requires verifying the age of applicants during the recruitment process. All staffs are required to sign employment contract before employment to safeguard legal rights of both parties. During the Reporting Year, there were no material non-compliance issues noted regarding labour standards as required by related laws and regulations.

B5: Supply chain management

Although the suppliers are mainly general office supplies providers, the Company manages its supply chain for preventing any environmental and social risks. In order to provide a fair assessment of suppliers' selection, the Company takes into consideration of the suppliers' attitude and practice towards environment and labour before entering into the contractual agreements. The Company evaluates the quality as well as the moral standards of the contractors. If any inconsistency is found between the Company's requirements and their act, the Company will terminate the cooperation until improvement is noted.

B6: Product responsibility

The Company's customer-orientated service puts strong emphasis on building long-term relationships. It strives to provide the best customer experience and pay high attention to the quality of services.

Customer service

The key elements for maximizing customers' satisfaction and earning long term customer's loyalty are transparency and high-quality advice. As a comprehensive financial services provider, the Company has a dedicated teams of professionals with diverse and in-depth knowledge and experience, offering invaluable advice and insights to customers and provides a wide range of services including brokerage, asset management, wealth management, corporate finance advisory services and money lending.

In order to provide quality services, experienced responsible officers are assigned to oversee and supervise the daily operation to ensure compliance with the Company's internal policies, risk control management and rules and regulations. In addition, the quality assurance measure was undertaken and a quality reviewer was designated to oversee the implementation, such as listening the telephone tapes on a sample check basis to ascertain the quality of customer services.

Handling of customer feedback and complaints

The Company has set up various channels, such as hotline, facsimile and email, for receiving customer comments, suggestions and complaints. The hotline numbers and email address are shown on the client statements, to ensure customers are aware of the communication channels for providing their opinions and lodging complaints. The Company reviews the customer's comments and considers their suggestions to improve customer service and encourage best practices. During the Reporting Year, there are no complaints received from customers.

Confidentiality of personal data

The Company values the importance on protecting the privacy of its customers in the collection, processing and use of their personal data. The Company follows strictly the applicable data protection regulations and ensures that appropriate technical measures are put in place to protect the personal data against any unauthorised use or access. Users can only access to personal data on a need-to-know basis when opening and maintaining client's account. Also, each employee is required to sign a confidentiality agreement to prohibit the employee from disclosing company confidential information. Thus, the Company did not receive any complaints in relation to the breaches of customer privacy and losses of client's data during the Reporting Year.

Intellectual property right

The Company respects the intellectual property right, all software installed by the Company are purchased through legitimate sources. It did not aware of any infringement of intellectual property case during the Reporting Period.

B7: Anti-Corruption

The Company advocates an operating environment of fairness and a corporate culture of integrity and honesty. Thus, the Company takes a zero-tolerance approach towards all kinds of corruption, bribery, forgery, extortion, conspiracy, and embezzlement and collusion case. Employees, senior management and directors shall comply with principles of business ethics and integrity. The Company's operation policy requires that no confidential commercial information of the Company shall be disclosed, discussed and shared with third parties for personal interest. Also, all employees are prohibited to give and accept personal, commercial, regulatory or contractual advantage, by using the excuse of work or the authority granted from the Company. If any misconducts are found and proven, the Company adopts the disciplinary actions with no mercy and hesitation.

The Company places great emphasis on Anti-Money Laundering ("**AML**") and Counter-Financing of Terrorism ("**CFT**") as one of the most imperative compliance requirements. The Company has formulated an AML and CFT policy to ensure that all business operations comply with relevant laws and regulations, including customer acceptance policies, customer due diligence process, ongoing monitoring, and customers and transactions record keeping.

The Company has also published a whistleblowing policy to provide the employees with reporting channels and guidance on whistleblowing. When the employee becomes aware of or genuinely suspects any malpractice and impropriety, the reporting can be made by post or email to the Audit Committee Chairman. The investigation shall be conducted in a fair and impartial way for every reporting. If there is any evidence of illegal conduct or breach of laws and regulations, it shall be referred to the relevant public or regulatory bodies such as the Hong Kong Police Force, the Independent Commission Against Corruption, the Security and Futures Commission, or relevant regulatory body. Disciplinary actions would be adopted once the guilty or misconduct is proven.

During the Reporting Year, there was no legal case regarding corrupt practices was brought against the Company or its employees.

B8: Community investment

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

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

OPINION

We have audited the consolidated financial statements of China Fortune Financial Group Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 63 to 147, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

KEY AUDIT MATTERS (Continued)

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

Impairment of loan and trade receivables

Refer to note 22 to the consolidated financial statements and the key sources of estimation uncertainty in note 4

At reporting date, the Group has loan and trade receivables of approximately HK$359,937,000 which represents management's best estimate of ultimate collectible amount of loan and trade receivables net of individually assessed loss of approximately HK$4,186,000 on aggregate.

Assessing the expected credit losses of loan and trade receivables requires the management's judgement and uses of estimates in determining the probability of default occurring by considering the aging of receivables, historical loss experience and forward-looking information.

We have identified expected credit losses of loan and trade receivables as a key matter to our audit considering materiality of the balances and the extent of judgment involved.

We inquired management regarding credit policies, and evaluated the controls that management has established to oversee and keep track of loan and trade receivables.

Our audit procedures were designed to ensure sufficiency and appropriateness of expected credit loss provisions and include below:

— on a sample basis, tested the values of collaterals including pledged securities and properties of margin financing accounts and mortgage loans respectively;

— on a sample basis, reviewed and questioned credit profiles and reports of selected customers;

— reviewed individually impaired accounts for the rationale and indicators, and questioned the judgment leading to the loss; and

— assessing the estimated future cash flows by examining the historical repayment records, historical loss rate of receivables, information regarding the current creditworthiness and any significant changes in credit quality of the debtors, and other information.

KEY AUDIT MATTERS (Continued)

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

Fair value valuation associated with convertible bonds

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

In the current year, the Company issued convertible bonds of an aggregate principal amount of approximately HK$60,000,000 without issuer redemption rights, of which approximately HK$17,237,000 at amortised cost was outstanding at reporting date after the early redemption.

Financial instrument valuation technique is employed in arriving the fair values of liability and equity components of this convertible bonds at issue dates.

The carrying amounts of liability and equity components as well as the amounts recognised in profit or loss as a result of subsequent amortisation and derecognition are heavily affected by these fair values derived from valuation.

We have identified fair value valuation associated with convertible bonds as a key matter to our audit considering materiality of its impact on the consolidated financial statements and the extent of judgment exercised and the significance of estimate made.

We reviewed and discussed with management regarding the Group's accounting policies relevant to convertible bonds, and ensured the proper application and interpretation of relevant accounting principles.

We obtained reports from the valuation specialist employed by the Group and assessed its qualification and reputation.

We reviewed the valuation methodology, and questioned, among other applicable models, the valuation model selected and the assumptions made.

We challenged the assumptions made and benchmarks selected in arriving at, among others, risk free rate, required interest rate, stock market volatility; and reconciled inputs to these calculations against convertible bond contract terms, company data and open market data.

KEY AUDIT MATTERS (Continued)

The Key Audit Matter

Revenue recognition of sponsor services income

Refer to note 5 to the consolidated financial statements and the key sources of estimation uncertainty in note 4

The Group adopted HKFRS 15 on 1 April 2018. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue.

For the year ended 31 March 2019, sponsor fee income of HK$40,430,000 was recognised by the Group. The recognition of sponsor fee income involves significant management judgements and estimates on: 1) the identification of performance obligation; 2) the establishment of the timing of satisfaction of the performance obligation; and 3) the determination of the appropriate method to measure the progress towards the completion of the performance obligation.

The Group treats all 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 contract basis and considers that it has a right to payment at an amount that reasonably compensates it for its performance completed to date at all times throughout the contract.

Sponsor services is recognised over time during the course of the work performed by the Group. The input method, i.e. the time incurred compared with the time budget, which depict the Group's performance towards satisfying the performance obligation.

How the matter was addressed in our audit

We obtained an understanding of the Group's methodology for revenue recognition, including an evaluation of management judgements on the determination of the amount and timing of recognition of revenue from contracts with customers.

Our procedures to assess the recognition of revenue of sponsor fee income included the following:

— We consulted the terms in sponsor contracts with their internal lawyer and inspected all sponsor contracts to assess whether performance obligations were properly identified and whether the over time for recognising revenue upon the satisfaction of the performance obligation was used.

— For the measurement of project progress and the recognition of the revenue over time, we obtained the project reports, on a sample basis, and assessed their reasonableness by checking to the supporting evidence, such as the timing records and correspondence letters with the Stock Exchange of Hong Kong Limited.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2019 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 June 2019

Kwong Kam Wing Kelvin
Practising Certificate No.: P05373

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	5,6	108,072	96,404
Cost of brokerage and other services		(12,139)	(15,948)
Other income	7	6,101	3,421
(Impairment)/reversal of impairment loss on loan and trade receivables	8	(3,952)	10,282
Change in fair value of equity investments		(646)	(8,038)
Staff costs	10	(100,103)	(60,148)
Other operating expenses		(55,950)	(53,813)
Finance costs	9	(54,591)	(42,126)
Share of profit of associates		10,465	7,768
Share of loss of joint ventures		—	(26)
Loss before tax	10	(102,743)	(62,224)
Income tax expense	11	(1,436)	(3,226)
Loss for the year		(104,179)	(65,450)
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(966)	2,683
Share of other comprehensive (expense)/income of associates		(7,947)	8,998
Share of other comprehensive (expense)/income of joint ventures		(106)	98
		(9,019)	11,779
Total comprehensive expense for the year		(113,198)	(53,671)
		HK cents	HK cents
Loss per share for loss attributable to equity holders of the Company			
Basic	14	(1.38)	(0.95)
Diluted	14	(1.38)	(0.95)

Consolidated Statement of Financial Position

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property and equipment	15	**17,898**	13,890
Goodwill	16	**3,994**	3,994
Loan receivables	22	**3,791**	5,206
Other non-current assets	17	**7,104**	8,350
Interests in associates	18	**102,432**	99,914
Interests in joint ventures	19	**1,087**	1,158
		136,306	132,512
Current assets			
Equity investments	20	**121,288**	112,856
Held-to-maturity investment	21	**—**	60,302
Loan and trade receivables	22	**356,146**	339,674
Other receivables, deposits and prepayments	23	**91,547**	17,410
Tax recoverable		**4,890**	—
Bank balances and cash — trust	24(a)	**531,568**	210,353
Bank balances and cash — general	24(b)	**243,755**	480,823
		1,349,194	1,221,418
Current liabilities			
Trade payables, other payables and accruals	25	**550,469**	227,894
Loan payables	26	**100,259**	359,295
Convertible bonds	27	**195,244**	—
Corporate bonds	28	**10,340**	10,184
Tax payable		**727**	2,933
		857,039	600,306
Net current assets		**492,155**	621,112
Total assets less current liabilities		**628,461**	753,624

Consolidated Statement of Financial Position (Continued)

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Convertible bonds	27	72,823	223,481
Corporate bonds	28	147,912	154,377
		220,735	377,858
Net assets		407,726	375,766
Capital and reserves			
Share capital	29	91,531	70,861
Reserves		316,195	304,905
Total equity		407,726	375,766

XIE Zhichun
Chairman

ZHU Yi
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Convertible bond reserves HK$'000 (note 27)	Special reserve HK$'000 (note 30(a))	Capital reserve HK$'000 (note 30(b))	Other reserve HK$'000 (note 30(c))	Accumulated losses HK$'000	Total equity HK$'000
At 1 April 2017	40,367	415,717	(8,181)	99,503	13,524	1,863	(3,440)	(281,687)	277,666
Loss for the year	–	–	–	–	–	–	–	(65,450)	(65,450)
Other comprehensive income for the year:									
Exchange differences arising on translation of foreign operations	–	–	2,683	–	–	–	–	–	2,683
Share of other comprehensive income of associates	–	–	8,998	–	–	–	–	–	8,998
Share of other comprehensive income of joint ventures	–	–	98	–	–	–	–	–	98
Total comprehensive expenses for the year	–	–	11,779	–	–	–	–	(65,450)	(53,671)
Issue of convertible bonds (note 27)	–	–	–	13,998	–	–	–	–	13,998
Issue of shares for convertible bonds exercised (note 27)	30,494	153,959	–	(46,680)	–	–	–	–	137,773
At 31 March 2018	70,861	569,676	3,598	66,821	13,524	1,863	(3,440)	(347,137)	375,766
At 1 April 2018	70,861	569,676	3,598	66,821	13,524	1,863	(3,440)	(347,137)	375,766
Loss for the year	–	–	–	–	–	–	–	(104,179)	(104,179)
Other comprehensive income for the year:									
Exchange differences arising on translation of foreign operations	–	–	(966)	–	–	–	–	–	(966)
Share of other comprehensive expense of associates	–	–	(7,947)	–	–	–	–	–	(7,947)
Share of other comprehensive expense of joint ventures	–	–	(106)	–	–	–	–	–	(106)
Total comprehensive expenses for the year	–	–	(9,019)	–	–	–	–	(104,179)	(113,198)
Issue of convertible bonds (note 27)	–	–	–	14,745	–	–	–	–	14,745
Issue of shares upon subscription	14,170	85,020	–	–	–	–	–	–	99,190
Issue of shares for convertible bonds exercised (note 27)	6,500	34,307	–	(9,584)	–	–	–	–	31,223
At 31 March 2019	91,531	689,003	(5,421)	71,982	13,524	1,863	(3,440)	(451,316)	407,726

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES			
Loss before tax		(102,743)	(62,224)
Adjustments for:			
Bad debt written off on trade and other receivables		—	171
Depreciation	15	3,325	1,023
Dividend income		(3,733)	(1,223)
Finance costs	9	54,591	42,126
Gain on disposal of property and equipment		(335)	(123)
Gain on disposal of subsidiaries		—	(180)
Gain on disposal of a joint venture		(35)	—
Interest income		(4,887)	(2,903)
Impairment/(reversal) of impairment loss on loan and trade receivables	8	3,952	(10,282)
Net loss on trading of listed securities		—	8,038
Change in fair value of equity investments		646	—
Share of profits of associates		(10,465)	(7,768)
Share of loss of joint ventures		—	26
Operating cash flow before movements in working capital		(59,684)	(33,319)
Decrease in other non-current assets		1,246	—
Increase in equity investments at FVTPL		(9,077)	(11,460)
Increase in loan receivables		(83,133)	(111,489)
Decrease/(increase) in trade receivables		64,124	(43,776)
Increase in other receivables, deposits and prepayments		(74,137)	(3,201)
Increase in bank balances and cash — trust		(321,215)	(95,256)
Increase in trade payables, other payables and accruals		322,574	99,380
Dividend income received		3,733	1,223
Income tax paid		(8,532)	(1,030)
NET CASH USED IN OPERATING ACTIVITIES		(164,101)	(198,928)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
INVESTING ACTIVITIES			
Bond interest income received		1,794	1,511
Interest received		3,293	1,192
Purchases of property and equipment	15	(7,557)	(11,221)
Purchases of investment held to maturity		—	(60,102)
Proceeds from redemption of investment at maturity		60,102	—
Proceeds on disposal of property and equipment		559	2,049
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		58,191	(66,571)
FINANCING ACTIVITIES			
Proceeds from issue of convertible bonds		60,000	60,000
Repayments of loans		(1,180,000)	(130,000)
Repayments of corporate bonds		(9,900)	(4,000)
Proceeds from loans	26	920,000	360,000
Proceeds from issue of new shares		99,190	—
Loans handling charges paid		—	(1,028)
Interest paid		(19,482)	(13,323)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(130,192)	271,649
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(236,102)	6,150
Effect of foreign currency translation		(966)	2,683
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		480,823	471,990
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash — general	24(b)	243,755	480,823

1. GENERAL INFORMATION

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

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

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

These consolidated financial statements for the year ended 31 March 2019 were approved by the board of directors on 26 June 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the accounting principles generally accepted in Hong Kong.

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

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

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments classified as at fair value through profit or loss ("**FVTPL**") and fair value through other comprehensive income ("**FVOCI**"), which are stated at fair values. The measurement bases are fully described in the accounting policies below.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

2.2 Basis of consolidation

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

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to accumulated losses). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 “Financial Instruments” or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

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

2.3 Associates and joint ventures

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates and joint ventures (Continued)

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates and joint ventures (Continued)

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. If the retained interest in that former associate or joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

2.4 Goodwill

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

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("**CGUs**") and is tested annually for impairment (note 2.19).

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Share capital

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

2.6 Revenue recognition

Revenue arises mainly from the brokerage business of securities and futures dealing services, factoring services, insurance brokerage services, consultancy services, underwriting services, placing services, advisory and other corporate finance services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Group's revenue and other income recognition policies are as follows:

Commission income for brokerage and margin financing

The Group provides broking and dealing services for securities, placing services and underwriting services. Commission income for brokerage business, placing and underwriting services are recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed and the relevant placing and underwriting are completed.

Dividend income for proprietary trading

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

Advisory services for asset management and other corporate finance services income for corporate finance

The Group provides advisory services for asset management and corporate finance services which included advisory services and sponsor services. The customers simultaneously receive and consume the benefit provided by the Group, hence the revenue for advisory services is recognised over time based on the services transferred to customers up to date.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Revenue recognition (Continued)

Advisory services for asset management and other corporate finance services income for corporate finance (Continued)

The Group treats all 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 contract basis and considers that it has a right to payment at an amount that reasonably compensates it for its performance completed to date at all times throughout the contract.

Sponsor services are recognised over time during the course of the work performed by the Group. The input method, i.e. the time incurred compared with the time budget, which depict the Group's performance towards satisfying the performance obligation.

Interest income for money lending and factoring

The Group provides money lending and factoring services. Interest income is recognised on a time proportion basis by using the effective interest method.

Revenue for consultancy and insurance brokerage

The Group provided consultancy services to customers. The customers simultaneously receive and consume the benefit provided by the Group, hence the revenue is recognised over time based on the services transferred to customers up to date.

The Group also provided insurance brokerage. Commission income for insurance brokerage is recognised at a point in time on execution date of the insurance contracts executed.

2.7 Leases

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

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Operating lease charges as the lessee

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Foreign currency translation

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

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

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

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

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

2.9 Borrowing costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

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

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

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

Short-term employee benefits

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

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

2.11 Accounting for income taxes

Income tax comprises current tax and deferred tax.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Accounting for income taxes (Continued)

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

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

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

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

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (1) when the existing temporary differences will reverse and (2) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

— income or loss excluding reversals of temporary differences; and

— reversals of existing temporary differences.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Accounting for income taxes (Continued)

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

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

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

(i) the same taxable entity; or

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

2.12 Property and equipment

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

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

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

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

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

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

2.13 Club membership debentures and regulatory deposits

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Intangible assets (other than goodwill)

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

Intangible assets, with indefinite useful lives, are tested for impairment as described below in note 2.19.

2.15 Cash and cash equivalents

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

Deposits with banks or other financial institutions with a maturity of more than three months and within one year at acquisition are classified as short-term deposits.

2.16 Financial Instruments

Financial assets

Policy applicable from 1 April 2018

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, the Group's all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

The Group's financial assets are classified into amortised cost or FVTPL or FVOCI. The classification is determined by both, the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets those are recognised in profit or loss are presented within other income and finance costs, except for expected credit losses ("**ECL**") of loan and trade receivables and other financial assets measured at amortised cost which are presented within other operating expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Financial Instruments (Continued)

Financial assets (Continued)

Policy applicable from 1 April 2018 (Continued)

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

— they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

— the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets are included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's bank balances and cash — trust and general, loan and trade receivables and other receivables and deposits fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets those are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in "Fair value reserve — non-recycling" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVOCI are not subject to impairment assessment. The cumulative gain or loss in "Fair value reserve — non-recycling" will not be reclassified to profit or loss upon disposal of the equity investments, and will be transferred to accumulated losses/will continue to be held in the "Fair value reserve — non-recycling".

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Dividends are included in revenue line item in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Financial Instruments (Continued)

Financial assets (Continued)

Policy applicable before 1 April 2018

Held-to-maturity investments

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include:

- Financial assets held for trading; and

- Financial assets designated upon initial recognition as at fair value through profit or loss.

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Financial Instruments (Continued)

Financial assets (Continued)

Policy applicable before 1 April 2018 (Continued)

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

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

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

Loan and receivables

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

Available-for-sale financial assets

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

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

Financial liabilities

Classification and measurement of financial liabilities

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

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges reported in profit or loss are included in finance costs.

Borrowings

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Financial Instruments (Continued)

Financial liabilities (Continued)

Classification and measurement of financial liabilities (Continued)

Borrowings (Continued)

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

Convertible bonds

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

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

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

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

Trade payables and other payables and accruals

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

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount reported in the consolidated statement of financial position when, and only when, there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.17 Impairment of financial assets

Policy applicable from 1 April 2018

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Impairment of financial assets (Continued)

Policy applicable from 1 April 2018 (Continued)

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

— financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("**Stage 1**") and

— financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("**Stage 2**").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables (excluded margin financing)

For trade receivables (excluded margin financing), the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables (excluded margin financing) have been grouped based on the days past due. The Group has therefore concluded that the ECL rates for trade receivables (excluded margin financing) are a reasonable approximation of the loss rates.

Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables and margin financing receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Impairment of financial assets (Continued)

Policy applicable from 1 April 2018 (Continued)

Other financial assets measured at amortised cost (Continued)

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

— existing or forecast adverse changes in business, financial or economic conditions those are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 34(b).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Impairment of financial assets (Continued)

Policy applicable before 1 April 2018

Before the effective of the HKFRS 9, the Group's policy for the assessing impairment of financial assets are as follows:

At each reporting date, financial assets other than at FVTPL are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

— Significant financial difficulty of the debtor;

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

— It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

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

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

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

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

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

Financial assets carried at amortised cost

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Impairment of financial assets (Continued)

Policy applicable before 1 April 2018 (Continued)

Financial assets carried at amortised cost (Continued)

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the financial asset at the date of impairment is reversed, but does not exceed what the amortised cost would have been had the impairment was not recognised.

Financial assets carried at cost

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

Impairment losses on financial assets other than financial assets at FVTPL and trade receivables those are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

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

2.18 Provisions and contingent liabilities

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Provisions and contingent liabilities (Continued)

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

2.19 Impairment of non-financial assets

The following assets are subject to impairment testing:

- Goodwill arising on acquisition of a subsidiary;
- Property and equipment;
- Other intangible assets; and
- The Company's interests in subsidiaries, associates and joint ventures.

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

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Impairment of non-financial assets (Continued)

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

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2.20 Related parties

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

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

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

  (ii) has significant influence over the Group; or

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

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

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

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

  (iii) the entity and the Group are joint ventures of the same third party.

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

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

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

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

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2018

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2018.

- HKFRS 9 — *Financial Instruments*
- HKFRS 15 — *Revenue from Contracts with Customers and the related Amendments*
- 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 1 — *As part of the Annual Improvements to HKFRSs 2014–2016 Cycle*
- Amendments to HKAS 28 — *As part of the Annual Improvements to HKFRSs 2014–2016 Cycle*
- Amendments to HKAS 40 — *Transfers of Investment Property*
- HK (IFRIC)-Int 22 — *Foreign Currency Transactions and Advance Consideration*

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

HKFRS 9 "Financial Instruments"

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

When adopting HKFRS 9, the Group has applied the standard retrospectively to items that existed at 1 April 2018 in accordance with the transition requirement and also applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of HKFRS 9 in relation to classification, measurement, and impairment are recognised in accumulated losses.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2018 (Continued)

HKFRS 9 "Financial Instruments" (Continued)

The adoption of HKFRS 9 has impacted the following areas:

— the classification and measurement of the Group's financial assets: for bank balances and cash — trust and general, loan and trade receivables and other receivables and deposits are previously classified as loans and receivables under HKAS 39, are now classified at financial assets measured at amortised cost under HKFRS 9.

— the classification and measurement of the Group's financial assets. Management holds financial assets to hold and collect the associated cash flows. The 5% coupon bond previously classified as held-to-maturity investments under HKAS 39 continue to be accounted for at amortised cost as they meet the held to collect business model and pass contractual cash flow characteristics test (defined in note 2.16) in HKFRS 9.

— investments in listed equity securities and unlisted equity investment previously classified as investments held for trading and available-for-sale investments under HKAS 39 measured at fair value with gain or loss on fair value changes being recognised in profit or loss and at cost less impairment, respectively, are now measured at fair value. The listed equity investments are now classified at financial assets at FVTPL. The Group elected to irrevocably designate the unlisted equity investment at fair value with changes presented in other comprehensive income. Since the accounting treatment of investments in unlisted equity investment carried at cost less impairment under HKAS 39 is no longer applicable under HKFRS 9, the carrying amount as at 1 April 2018 was not restated as the differences among changes in classification as 1 April 2018 was not considered significant.

— HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECL earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model of the financial assets measured at amortised cost (including bank balances and cash — trust and general, loan and trade receivables and other receivables and deposits).

For trade receivables (excluded margin financing), the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables (excluded margin financing) have been grouped based on the days past due. The Group has therefore concluded that the ECL rates for trade receivables (excluded margin financing) are a reasonable approximation of the loss rates.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2018 (Continued)

HKFRS 9 "Financial Instruments" (Continued)

The Group measures the loss allowance for loan receivables and margin financing receivables, other receivables and deposits and bank balances and cash — trust and general equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

Upon the adoption of HKFRS 9, no additional ECL allowance has been recognised against accumulated losses as at 1 April 2018.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 "Revenue from Contracts with Customers" and the related "Clarifications to HKFRS 15 Revenue from Contracts with Customers" (hereinafter referred to as "HKFRS 15") replace HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations.

The Group has elected to use the cumulative effect transition method, with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated losses at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18.

In accordance with the transition guidance under HKFRS 15, the Group has only been applied to contracts that are incomplete as at 1 April 2018.

Summary of nature and effect of the changes on previous accounting policies are set out below:

Timing of revenue recognition

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

a. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or

c. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15, the Group recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2018 (Continued)

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

Timing of revenue recognition (Continued)

The adoption of HKFRS 15 does not have a significant impact on when the Group recognised different types of revenue.

Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

The adoption of HKFRS 15 does not have a significant impact on adjusting the transaction price containing significant financing component on the financial statements as at date of initial application.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

- HKFRS 16 — *Leases*[1]
- HKFRS 17 — *Insurance Contracts*[3]
- Amendments to HKFRS 9 — *Prepayment Features with Negative Compensation*[1]
- Amendments to HKFRS 10 and HKAS 28 — *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
- Amendments to HKAS 19 — *Plan Amendment, Curtailment or Settlement*[1]
- Amendments to HKAS 28 — *Long-term Interests in Associates and Joint Ventures*[1]
- Amendments to HKFRS 3 — *Definition of a Business*[5]
- Amendments to HKAS 1 and HKAS 8 — *Definition of Material*[2]
- Amendments to HKFRSs — *Annual Improvements to HKFRSs 2015-2017 Cycle*[1]
- HK(IFRIC)-Int 23 — *Uncertainty over Income Tax Treatments*[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective date not yet determined
[5] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs (Continued)

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

HKFRS 16 "*Leases*"

HKFRS 16 "Leases" replaced HKAS 17 and three related Interpretations.

As disclosed in note 2.7, currently the Group classifies leases into operating leases. The Group enters into leases as lessee.

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

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases of office premises which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease.

HKFRS 16 is effective for annual periods beginning or on after 1 April 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 on 1 April 2019 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information will not be restated. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets and not to perform a full review of existing leases and apply HKFRS 16 only to new contracts. Furthermore, the Group plans to use the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease. As disclosed in note 38(a), as at 31 March 2019, the Group's future minimum lease payments under non-cancellable operating leases amount to approximately HK$34,466,000 for properties, the majority of which is payable either between 1 to 5 years after the reporting date.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs (Continued)

HKFRS 16 "*Leases*" (Continued)

Upon the initial application of HKFRS 16, the Group plans to measure the rights-of-use assets at an amount equal to the lease liability (subject to certain adjustments)/as if HKFRS 16 had always been applied by using the incremental borrowing rate at initial application date.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial statement from 2019 onwards.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the consolidated financial statements other that the following:

Revenue recognition — sponsor services

Revenue from sponsor services is recognised over time by reference to the progress of satisfying the performance obligation at the reporting date. This is measured based on the time incurred compared with the time budget, which depict the Group's performance towards satisfying the performance obligation. Significant estimates and judgements are required in determining the accuracy of the time incurred and the extent of the time budget. In making the above estimation, the Group conducts periodic review on the time incurred and make reference to past experience.

Key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty (Continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2019, the carrying amount of goodwill is approximately HK$3,994,000 (2018: HK$3,994,000). No impairment loss has been recognised as at 31 March 2019 and 2018. Details of the impairment testing on goodwill are set out in note 16.

Estimation of impairment of loan and trade receivables and other receivables within the scope of ECL upon application of HKFRS 9

Since the initial adoption of HKFRS 9, the Group makes allowances on items subjects to ECL (including loan and trade receivables and other receivables) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period as set out in note 2.17. As at 31 March 2019, the aggregate carrying amounts of loan and trade receivables and other receivables amounted to approximately HK$359,937,000 (net of ECL allowance of HK$4,186,000) and HK$84,338,000 (net of ECL allowance of nil), respectively.

Before the adoption of HKFRS 9, the Group assesses at the end of each reporting period whether there is any objective evidence that loan and trade receivables and other receivables are impaired. In determining whether there is objective evidence of impairment, the Group takes into consideration the aging status and the likelihood of collection by reference to the background and repayment history of the debtors and the occurrence of any default or disputes. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on factors such as repayment plans committed by debtors and subsequent collections. An impairment loss is made for loan and trade receivables and other receivables of which the present values of future cash flows are less than their carrying amount. As at 31 March 2018, the aggregate carrying amount of loan and trade receivables and other receivables amounted to approximately HK$344,880,000 (net of impairment losses of HK$234,000) and HK$2,824,000 (net of impairment loss of nil), respectively.

When the actual future cash flows are different from expected, such difference will impact the carrying amount of loan and trade receivables and other items within the scope of ECL upon application of HKFRS 9/other financial instruments before application of HKFRS 9 and credit losses in the periods in which such estimate has been changed.

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

Key sources of estimation uncertainty (Continued)

Impairment of interests in associates

The Group determines whether the interests in associates are impaired required an estimation of the future cash flows expected to arise and the expected dividend yield from the associates in order to calculate the present value. Where the actual future cash flows are less than expected, impairment loss may arise. As at 31 March 2019, the carrying amount of interests in associates is approximately HK$102,432,000 (2018: HK$99,914,000) and no impairment loss has been recognised (2018: nil).

Impairment of interests in joint ventures

The Group determines whether the interests in joint ventures are impaired required an estimation of the future cash flows expected to arise and the expected dividend yield from the joint ventures in order to calculate the present value. Where the actual future cash flows are less than expected, impairment loss may arise. As at 31 March 2019, the carrying amount of interests in joint ventures is approximately HK$1,087,000 (2018: HK$1,158,000). No impairment was recognised during the year ended 31 March 2019 (2018: nil).

Fair value of liability components of convertible bonds

The fair value of the liability components of convertible bonds of approximately HK$45,255,000 (2018: HK$46,002,000) that are not traded in an active market are estimated by the Group based on the valuation performed by an independent valuer. The fair values of the liability components of convertible bonds are valued using Binomial option pricing model and the contractual cash flows over the remaining contractual terms based on assumptions supported, where possible, by observable market prices or rates. The liability components of convertible bonds are initial recognised at fair value and measured at amortised cost subsequently. The carrying amount of the liability components of convertible bonds as at 31 March 2019 is approximately HK$268,067,000 (2018: HK$223,481,000). Further details are set out in note 27.

5. REVENUE

Revenue represents the net amounts received and receivable for services provided in the normal course of business. An analysis of the Group's revenue for the years ended 31 March 2019 and 2018 is as follows:

	2019 HK$'000	2018 HK$'000
Dividend income	3,733	1,223
Bond interest income	1,594	1,711
Income from securities brokerage business	19,975	35,447
Interest income from money lending business	10,364	9,368
Income from insurance brokerage business	2,594	1,621
Income from asset management business	2,578	35
Margin interest income from securities brokerage business	17,200	13,156
Service income from corporate finance	50,034	33,829
Others	—	14
	108,072	96,404

5. REVENUE (Continued)

The Group derives revenue from the services over time and at a point in time in the following table.

	2019 HK$'000
Revenue from contracts with customers by timing of recognition	
Overtime:	
Service income from corporate finance	50,034
Income from asset management business	2,578
At a point in time:	
Income from securities brokerage business	19,975
Income from insurance brokerage business	2,594
Bond interest income	1,594
Revenue from contracts with customers within the scope of HKFRS 15	76,775
Other information:	
Dividend income	3,733
Interest income from money lending business	10,364
Margin interest income from securities brokerage business	17,200
	108,072

Unsatisfied performance obligations

The transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at 31 March are as follows:

	2019 HK$'000
Within one year	43,780

6. SEGMENT INFORMATION

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

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

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

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

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

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

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

6) The asset management segment engages in the provision of asset management and advisory services to professional investors.

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

Information regarding the above segments is reported below.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

	Brokerage and margin financing		Proprietary trading		Corporate finance		Money lending and factoring		Consultancy and insurance brokerage		Asset management		Inter-segment elimination		Consolidated	
	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	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Revenue																
External revenue	38,769	50,314	366	1,223	50,034	33,829	10,364	9,368	2,594	1,635	5,945	35	–	–	108,072	96,404
Inter-segment revenue	–	–	–	–	–	250	–	–	–	–	44	300	(44)	(550)	–	–
	38,769	50,314	366	1,223	50,034	34,079	10,364	9,368	2,594	1,635	5,989	335	(44)	(550)	108,072	96,404
Interest income	116	41	25	1	2	–	–	–	7	7	8	–	–	–	158	49
(Loss)/profit on equity investments	–	–	(6,223)	(8,038)	–	–	–	–	–	–	5,577	–	–	–	(646)	(8,038)
Finance costs	(5,959)	(37)	–	–	–	–	–	–	–	–	–	–	–	–	(5,959)	(37)
Others	(16,277)	(20,883)	–	(626)	(50,659)	(21,710)	(2,655)	6,965	(3,475)	(6,751)	(8,120)	(3,865)	–	–	(81,186)	(46,870)
Segment profit/(loss)	16,649	29,435	(5,832)	(7,440)	(623)	12,369	7,709	16,333	(874)	(5,109)	3,454	(3,530)	(44)	(550)	20,439	41,508
Unallocated operating income															5,399	1,391
Unallocated operating expense															(86,832)	(71,079)
Unallocated other income, gains or losses															(3,582)	303
Share of profit of associates															10,465	7,768
Share of loss of joint ventures															–	(26)
Finance costs															(48,632)	(42,089)
Loss before tax															(102,743)	(62,224)

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2019 HK$'000	2018 HK$'000
Segment assets		
Brokerage and margin financing	725,192	501,034
Proprietary trading	23,788	123,014
Corporate finance	30,522	21,350
Money lending and factoring	257,001	158,449
Consultancy and insurance brokerage	6,957	4,309
Asset management	207,985	6,426
Total segment assets	1,251,445	814,582
Unallocated	234,055	539,348
Consolidated assets	1,485,500	1,353,930
Segment liabilities		
Brokerage and margin financing	532,531	217,477
Proprietary trading	169	146
Corporate finance	13,119	2,567
Money lending and factoring	3,886	373
Consultancy and insurance brokerage	910	3,180
Asset management	209	86
Total segment liabilities	550,824	223,829
Unallocated	526,950	754,335
Consolidated liabilities	1,077,774	978,164

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

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

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

Other segment information

	Brokerage and margin financing		Proprietary trading		Corporate finance		Money lending and factoring		Consultancy and insurance brokerage		Asset management		Unallocated		Consolidated	
	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	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Amounts included in the measure of segment results or segment assets:																
Additions to non-current assets (exclude financial instruments)	346	–	7,163	–	–	36	–	–	48	–	–	–	–	13,134	7,557	13,170
Bad debt written off	–	–	–	–	–	–	–	–	–	116	–	–	–	55	–	171
Depreciation	34	187	3,196	795	9	5	–	–	1	2	–	–	85	34	3,325	1,023
Reversal of impairment loss recognised in respect of trade receivables	(60)	(1,920)	–	–	–	–	–	–	–	–	–	–	–	–	(60)	(1,920)
Reversal of impairment loss recognised in respect of loan receivables	–	–	–	–	–	–	–	(8,362)	–	–	–	–	–	–	–	(8,362)
Impairment loss recognised in respect of trade receivables	4,012	–	–	–	–	–	–	–	–	–	–	–	–	–	4,012	–
Gain on disposal of property and equipment	(205)	–	(130)	–	–	–	–	–	–	–	–	–	–	(123)	(335)	(123)

The amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets are not material for both years ended 31 March 2019 and 2018.

Information about major customers

No customer individually contributed over 10% of the Group's aggregate revenue for the year ended 31 March 2019. (Revenue of approximately HK$9,946,000 was derived from a customer that contributed approximately 10.32% to the Group's aggregate revenue for the year ended 31 March 2018).

6. SEGMENT INFORMATION (Continued)

Geographical information

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

	2019 HK$'000	2018 HK$'000
Hong Kong	97,149	93,723
The PRC	35,102	33,583
	132,251	127,306

7. OTHER INCOME

	2019 HK$'000	2018 HK$'000
Interest income from financial institutions	3,293	1,192
Gain on disposal of subsidiaries	—	180
Gain on disposal of property and equipment	335	123
Sundry income	2,438	1,926
Gain on disposal of a joint venture	35	—
	6,101	3,421

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

	Notes	2019 HK$'000	2018 HK$'000
Reversal of impairment loss on trade receivables	34(b)	60	1,920
Reversal of impairment loss on loan receivables	34(b)	—	8,362
Impairment loss on trade receivables	34(b)	(4,012)	—
		(3,952)	10,282

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interests on bank and loan payables	9,122	1,690
Interests on corporate bonds	14,915	15,880
Interests on convertible bonds	30,554	24,556
	54,591	42,126

10. LOSS BEFORE TAX

Loss before tax after charging:

	Notes	2019 HK$'000	2018 HK$'000
Auditor's remuneration		1,050	832
Bad debt written off on trade and other receivables		—	171
Depreciation	15	3,325	1,023
Exchange losses, net		172	1,277
Operating lease payments		20,333	19,185
Staff costs:			
— Directors' remunerations	12(a)	17,104	14,240
— salaries and allowance		81,134	44,593
— retirement benefit scheme contributions (excluding Directors)		1,865	1,315
		100,103	60,148

11. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Provision for Hong Kong profits tax		
— Current year	1,464	2,189
— (Over)/under provision in respect of prior years	(30)	1,030
	1,434	3,219
PRC		
— Current tax	2	7
Total income tax expense	1,436	3,226

11. INCOME TAX EXPENSE (Continued)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rate regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying entities will be taxed at 8.25%, and the profits above HK$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. For the year ended 31 March 2019, Hong Kong profits tax of Fortune Finance Limited, a subsidiary of the Group, is calculated in accordance with the two-tiered profits tax rates regime.

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

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

	2019 HK$'000	2018 HK$'000
Loss before tax	(102,743)	(62,224)
Tax at domestic income tax rate of 16.5% (2018: 16.5%)	(16,952)	(10,266)
Tax effect of expenses not deductible for tax purpose	1,758	2,504
Tax effect of incomes not taxable for tax purpose	(3,489)	(888)
Tax effect of share of profit of associates	(1,727)	(1,282)
Tax effect of share of loss of joint ventures	—	4
Under provision in respect of final tax assessment	—	2,520
(Over)/under provision in respect of prior years	(30)	1,030
Effect of different tax rates of PRC branches and two-tiered profit tax rate	(183)	7
Utilisation of tax losses not recognised in previous years	(427)	(8,911)
Tax effect of tax losses not recognised	22,486	18,508
Tax for the year	1,436	3,226

At 31 March 2019, the Group had estimated unused tax losses of approximately HK$534,201,000 (2018: HK$400,510,000) available for offset against future profits, the tax losses are subject to the agreement by the Hong Kong Inland Revenue Department (the "**IRD**"). No deferred tax asset recognised for the years ended 31 March 2019 and 2018.

11. INCOME TAX EXPENSE (Continued)

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

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for the PRC EIT has been made for subsidiaries established in the PRC as these subsidiaries' assessable profits for the year ended 31 March 2019 have been fully absorbed by the tax loss brought forward from prior years. No provision for the PRC EIT has been made for subsidiaries established in the PRC as these subsidiaries did not have any assessable profits subject to PRC EIT Law during the year 31 March 2018.

Tax losses of approximately HK$15,434,000 (2018: HK$6,761,000) attributable to certain subsidiaries in the PRC had an expiry period of five years. During the year, no tax loss have been expired. The remaining tax losses of approximately HK$518,767,000 (2018: HK$393,749,000) do not expire under current tax legislation.

Under the New EIT Law, withholding tax is imposed on dividends in respect of profits earned by the PRC subsidiaries, associates and joint ventures from 1 January 2008 onwards (the "**Post-2008 Earnings**"). As at 31 March 2019 and 2018, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the Post-2008 Earnings. The Group did not have any material Post-2008 Earnings as at 31 March 2019 and 2018.

12. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATIONS

(a) Directors' remunerations

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

	Year ended 31 March 2019			
Name of Directors	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Chairman				
XIE Zhichun	120	7,880	18	8,018
Executive Directors				
HUA Yang (note a)	120	3,420	20	3,560
HAN Hanting (note e)	60	1,260	9	1,329
LIU Yinan (note b)	59	976	9	1,044
ZHU Yi (note c)	60	960	9	1,029
Non-executive Directors				
CHEN Zhiwei (note d)	344	—	—	344
HAN Hanting (note e)	300	—	—	300
WU Ling	600	—	—	600
TANG Baoqi (note f)	16	—	—	16
Independent Non-executive Directors				
CHAN Kin Sang	216	—	—	216
NG Kay Kwok	216	—	—	216
CHIU Kung Chik	216	—	—	216
LI Gaofeng (note g)	216	—	—	216
	2,543	14,496	65	17,104

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

(a) Directors' remunerations (Continued)

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

There were no bonuses paid or payable by the Group to the Directors which were discretionary or were based on the Group's or any member of the Group's performance for the years ended 31 March 2019 and 2018.

Notes:

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

b. Appointed as an executive Director with effect from 21 June 2017. Liu Yinan resigned all his offices in the Company with effect from 28 September 2018.

c. Appointed as an executive Director with effect from 28 September 2018.

d. Appointed as a non-executive Director with effect from 17 April 2018.

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

(a) Directors' remunerations (Continued)

Notes: (Continued)

e. Appointed as an executive Director with effect from 6 October 2017. Han Hanting was re-designed from an executive Director to a non-executive Director of the Company with effect from 28 September 2018.

f. Resigned all his offices in the Company with effect from 17 April 2018.

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

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

i. Resigned all her offices in the Company with effect from 6 October 2017.

There was no arrangement under which Directors waived or agreed to waive any remunerations for the years ended 31 March 2019 and 2018. No remunerations have been paid to the Directors of the Company as inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2019 and 2018.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included, two (2018: two) Directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2018: three) individuals during the year are as follows:

	2019 HK$'000	2018 HK$'000
Salaries, allowances and other benefits	19,053	16,319
Retirement benefits scheme contributions	62	72
	19,115	16,391

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

(b) Five highest paid individuals (Continued)

The emoluments of the remaining three (2018: three) highest paid employees fall in the following bands:

	Number of individuals 2019	2018
Emolument bands		
HK$1,000,001 to HK$1,500,000	—	—
HK$1,500,001 to HK$2,000,000	—	—
HK$2,000,001 to HK$2,500,000	—	—
HK$2,500,001 to HK$3,000,000	—	—
HK$3,000,001 to HK$3,500,000	1	—
HK$3,500,001 to HK$4,000,000	—	—
HK$4,000,001 to HK$4,500,000	—	—
HK$4,500,001 to HK$5,000,000	—	1
HK$5,000,001 to HK$5,500,000	—	—
HK$5,500,001 to HK$6,000,000	—	1
HK$6,000,001 to HK$6,500,000	—	1
HK$6,500,001 to HK$7,000,000	—	—
HK$7,000,001 to HK$7,500,000	—	—
HK$7,500,001 to HK$8,000,000	1	—
HK$8,000,001 to HK$8,500,000	1	—
	3	3

13. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2019, nor has any dividend been proposed since the end of the Reporting Year (2018: nil).

14. LOSS PER SHARE

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

	2019 HK$'000	2018 HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share	(104,179)	(65,450)

14. LOSS PER SHARE (Continued)

	2019 '000	2018 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	7,576,482	6,860,511

The calculation of diluted loss per share for the years ended 31 March 2019 and 2018 does not assume the exercise of the Company's outstanding convertible bonds which had anti-dilutive effect and would result in a reduction in loss per share. Therefore, the diluted loss per share is the same as the basic loss per share for the year.

15. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2018	8,445	1,377	1,416	10,734	21,972
Additions	11,486	1,062	622	—	13,170
Disposals	(8,540)	(1,299)	(853)	(7,793)	(18,485)
At 31 March 2018 and 1 April 2018	11,391	1,140	1,185	2,941	16,657
Additions	6,594	467	496	—	7,557
Disposals	—	(60)	(528)	(1,479)	(2,067)
At 31 March 2019	17,985	1,547	1,153	1,462	22,147
Accumulated depreciation					
At 1 April 2018	8,302	1,321	1,339	7,341	18,303
Provided for the year	212	42	79	690	1,023
Eliminated on disposal	(8,360)	(1,272)	(819)	(6,108)	(16,559)
At 31 March 2018 and 1 April 2018	154	91	599	1,923	2,767
Provided for the year	2,401	316	227	381	3,325
Eliminated on disposal	—	(60)	(528)	(1,255)	(1,843)
At 31 March 2019	2,555	347	298	1,049	4,249
Carrying values					
At 31 March 2019	15,430	1,200	855	413	17,898
At 31 March 2018	11,237	1,049	586	1,018	13,890

16. GOODWILL

	2019 HK$'000	2018 HK$'000
At 1 April 2017, 31 March 2018 and 31 March 2019	**3,994**	3,994

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

The carrying amount of goodwill is allocated to the corporate finance segment. No impairment loss has been recognised as at 31 March 2019 and 2018.

Impairment test on goodwill

Corporate finance segment

The recoverable amount of corporate finance operation is determined from value in use calculations using cash flow projections based on financial budget approved by the management covering five-year period with average growth rate of 5.89% (2018: 9.15%), zero growth rate is applied to extrapolate the cash flows beyond five-year period during the years ended 31 March 2019 and 2018. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. The discount rate applied to the cash flow projections is 15.27% (2018: 17.55%). Other key assumptions for the value in use calculation related to the estimation of cash inflows and outflows which include budgeted sales and budgeted net profit margin. This estimation is determined based on the unit's past performance and management's expectation for the market development.

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

17. OTHER NON-CURRENT ASSETS

	Notes	2019 HK$'000	2018 HK$'000
Club membership debentures		**6,610**	6,610
Regulatory deposits		**230**	230
Equity investments	(a)	**264**	1,510
Intangible asset	(b)	**—**	—
		7,104	8,350

17. OTHER NON-CURRENT ASSETS (Continued)

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

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

(a) Equity investments

	2019 HK$'000	2018 HK$'000
Financial assets at FVOCI		
— Unlisted equity securities	264	—
Available-for-sale financial assets		
— Unlisted equity securities, at cost	—	2,018
Less: Impairment	—	(508)
	264	1,510

As at 31 March 2019, the Group holds at 1% equity interest each in two unlisted equity securities and 0.1% equity interest of one unlisted equity securities at partnership and at a consideration of HK$264,000 (2018: 1% equity interest each in three unlisted equity securities at partnership and at a consideration of HK$1,510,000).

The fair value of the unlisted equity investment is referenced to the net asset value of the partnership during the year ended 31 March 2019.

Available-for-sale financial assets were reclassified to financial assets at FVOCI upon the initial application of HKFRS 9 as at 1 April 2018.

(b) Intangible asset

	License right HK$'000
At 1 April 2017, 31 March 2018 and 31 March 2019	
Cost	2,261
Accumulated impairment	(2,261)
	—

17. OTHER NON-CURRENT ASSETS (Continued)

(b) Intangible asset (Continued)

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

Impairment review on the intangible asset

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

During the years ended 31 March 2019 and 2018, the Directors of the Company conducted a review of the Group's license right and determined that no benefits would be generated from the license right in the foreseeable future. The asset management business is not yet to be commenced by using this license right during both years ended 31 March 2019 and 2018 and the Directors of the Company expected that the business will not be started in the near future, therefore, the carrying amount of the license right was fully impaired.

18. INTERESTS IN ASSOCIATES

	2019 HK$'000	2018 HK$'000
Cost of investments in unlisted associates	64,131	64,131
Share of post-acquisition profits and other comprehensive income	38,301	35,783
	102,432	99,914

18. INTERESTS IN ASSOCIATES (Continued)

Set out below are the particulars of the principal associates as at 31 March 2019 and 2018 in the opinion of the directors of the Company, to give details of other associates would result in particulars of excessive length:

Name of entity	Form of entity	Place of incorporation and operation	Particulars of issued and paid up capital	Percentage of nominal value of issued capital held by the Group 2019	2018	Proportion of voting right held by the Group at board level 2019	2018	Principal activities
Starlight Financial Holdings Limited ("**Starlight**")	Limited liability company	Hong Kong	234,000,000 ordinary shares	25%	25%	33% (note 1)	33% (note 1)	Investment holding
City Eagle Holdings Limited	Limited liability company	Hong Kong	100 ordinary shares	25%	25%	33%	33%	Investment holding
Chongqing Liangjiang New Area Runtong Small Loans Business Limited* ("**Runtong**")	Limited liability company	The PRC	Registered capital of USD30,000,000	25%	25%	33%	33%	Provision of secured financing services and microfinance services in Chongqing of the PRC
China Runking Financing Group Limited	Limited liability company	Hong Kong	1 ordinary shares	25%	25%	33%	33%	Provision of loan financing services

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

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

Note:

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

As at 31 March 2019, included in the cost of investments in associates was goodwill of approximately HK$4,052,000 (2018: HK$4,052,000) arising on the acquisition of associates.

18. INTERESTS IN ASSOCIATES (Continued)

Material associates

Starlight Group

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

	2019 HK$'000	2018 HK$'000
Current assets	602,038	498,463
Non-current assets	29,447	21,446
Total assets	631,485	519,909
Current liabilities	237,097	135,667
Non-current liabilities	867	793
Total liabilities	237,964	136,460

	Year ended 31 March 2019 HK$'000	Year ended 31 March 2018 HK$'000
Revenue	110,863	77,798
Profit for the year	41,860	31,072
Other comprehensive (expense)/income for the year	(31,788)	35,990
Total comprehensive income for the year	10,072	67,062

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

	As at 31 March	
	2019 HK$'000	2018 HK$'000
Net assets of the associate	393,521	383,449
Non-controlling interests	—	—
	393,521	383,449
Proportion of the Group's ownership in Starlight Group	25%	25%
	98,380	95,862
Goodwill	4,052	4,052
Carrying amount of the Group's interest in Starlight Group	102,432	99,914

19. INTERESTS IN JOINT VENTURES

	2019 HK$'000	2018 HK$'000
Cost of investments in unlisted joint ventures	1,415	1,415
Share of post-acquisition losses and other comprehensive expenses	(328)	(257)
	1,087	1,158

Details of the joint ventures as at 31 March 2019 and 2018 are as follows:

Name of entity	Form of entity	Place of incorporation and operation	Particulars of issued and paid up capital	Percentage of nominal value of issued capital held by the Group		Proportion of voting right held by the Group at board level		Principal activities
				2019	2018	2019	2018	
Shenzhen Qianhai Fortune Financial Service Company Limited* ("**Qianhai Fortune Financial**")	Limited liability company	the PRC	Registered capital of RMB754,000	30%	30%	40%	40%	Provision of corporate financial consultancy service
Shenzhen Qianhai Fortune Equity Investment Management Co., Ltd.* ("**Qianhai Fortune Equity**")	Limited liability company	the PRC	Registered capital of RMB2,989,000	30%	30%	40%	40%	Inactive

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

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

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

19. INTERESTS IN JOINT VENTURES (Continued)

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

	2019 HK$'000	2018 HK$'000
The Group's share of loss	—	(26)
The Group's share of other comprehensive (expense)/income	(106)	98
The Group's share of total comprehensive (expense)/income	(106)	72

	2019 HK$'000	2018 HK$'000
Carrying amount of the Group's interests in immaterial joint ventures	1,087	1,158

20. EQUITY INVESTMENTS

	2019 HK$'000	2018 HK$'000
Investments held for trading		
— Equity securities listed in Hong Kong	—	112,856
Financial assets at FVTPL		
— Equity securities listed in Hong Kong	96,147	—
— Bonds-linked notes	25,141	—
	121,288	112,856

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

The fair value of bonds-linked notes is estimated using a discounted cash flow technique. It is estimated by the future coupon rate, adjusting for the risk and discounting from 7.882% to 7.963% for the bonds and notes.

The investments held for trading were reclassified to financial assets at FVTPL upon the initial application of HKFRS9 as at 1 April 2018.

21. HELD-TO-MATURITY INVESTMENT

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

During the year ended 31 March 2019, the 5% coupon bond is fully redeemed.

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

	2019 HK$'000	2018 HK$'000
5% coupon bond	–	60,302

22. LOAN AND TRADE RECEIVABLES

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

	Notes	2019 HK$'000	2018 HK$'000
Trade receivables	a)	122,527	190,603
Loan receivables — current	b)	233,619	149,071
		356,146	339,674
Loan receivables — non current	b)	3,791	5,206
		359,937	344,880

(a) Trade receivables

The followings are the balances of trade receivables, net of ECL:

	2019 HK$'000	2018 HK$'000
Trade receivables from security brokerage business		
— cash clients	686	333
— HKSCC	1,073	2,860
— margin clients	118,498	172,943
Trade receivables from other businesses	6,456	14,701
	126,713	190,837
Less: Impairment loss	(4,186)	(234)
	122,527	190,603

22. LOAN AND TRADE RECEIVABLES (Continued)

(a) Trade receivables (Continued)

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

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

The following is an aging analysis of trade receivables (excluding margin clients), net of ECL, as at 31 March 2019 and 2018 based on the invoice date which approximated the respective revenue recognition dates was as follows:

	2019 HK$'000	2018 HK$'000
Less than 30 days	6,856	17,722
31 to 60 days	87	100
61 to 90 days	102	10
Over 90 days	1,170	62
	8,215	17,894

Trade receivables from cash and margin clients are secured by the clients' pledged securities at quoted market value of approximately HK$455,482,000 (2018: HK$1,416,859,000) which could be realised at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The trade receivables from cash and margin clients are repayable on demand and bear interest at commercial rates. As at 31 March 2019, included in the total trade receivables, approximately HK$114,997,000 (2018: HK$164,941,000) were interest bearing whereas approximately HK$7,530,000 (2018: HK$25,662,000) were non-interest bearing. There is no re-pledge of the collateral from margin clients in both years.

Further details of the Group's credit policy and credit risk arising from trade receivables are set out in note 34(b).

22. LOAN AND TRADE RECEIVABLES (Continued)

(b) Loan receivables

	2019 HK$'000	2018 HK$'000
Non-current portion		
Secured loan receivables	2,169	2,386
Unsecured loan receivables	1,622	2,820
	3,791	5,206
Current portion		
Secured loan receivables	180,427	146,099
Unsecured loan receivables	53,192	2,972
	233,619	149,071
	237,410	154,277

The secured loan receivables are secured by equity shares of listed companies with fair value of approximately HK$424,118,000 and second mortgage over certain property units (2018: equity shares of listed companies with fair value of approximately HK$372,280,000 and second mortgage over certain property units) and bear interest at a fixed interest rate at 9% to 18% (2018: 9% to 22.5%) per annum.

The unsecured loan receivables carry interest at fixed interest rate at 12% to 15% (2018: 15%) per annum. The unsecured loan receivables are guaranteed by an independent third party as at 31 March 2019 (2018: guaranteed by an independent third party).

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

	2019 HK$'000	2018 HK$'000
Less than 30 days	51,873	2,666
31 to 60 days	156,552	35,000
61 to 90 days	103	—
Over 90 days	28,882	116,611
	237,410	154,277

22. LOAN AND TRADE RECEIVABLES (Continued)

(b) Loan receivables (Continued)

The loan receivables are due for settlement at the date specified in the respect loan agreements. Further details of the Group's credit policy and credit risk arising from loan receivables are set out in note 34(b).

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Other receivables	84,338	2,824
Deposits	6,923	12,620
Prepayments	286	1,966
	91,547	17,410

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

24. BANK BALANCES AND CASH

(a) Bank balances and cash — trust

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

(b) Bank balances and cash — general

Bank balances and cash held by the Group amounting to approximately HK$230,521,000 (2018: HK$480,823,000) were with an original maturity of three months or less. The bank balances and bank deposits carried interest at market rates ranging from 0% to 3.2% (2018: 0.001% to 2.4%) per annum.

Pursuant to the loan agreement, the Group should maintain deposit with the bank of an amount not less than 50% of the outstanding bank loans at note 26.

Short-term deposits held by the Group amounting to approximately HK$13,234,000 (2018: nil) were maturity of more than three months and within one year at acquisition.

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2019 HK$'000	2018 HK$'000
Trade payables from the business of dealing in securities:		
— margin and cash clients	530,820	211,804
Property and equipment payables	385	1,949
Other payables and accruals	19,264	14,141
	550,469	227,894

For trade payables, no aging analysis is disclosed for the Group's margin and cash clients as these clients were carried on an open account basis, the aging analysis does not give additional value in the view of the nature of business of margin financing.

26. LOAN PAYABLES

	2019 HK$'000	2018 HK$'000
Bank loans, wholly repayable within one year:		
Unsecured	100,259	359,295

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

As at 31 March 2019, bank loan amounted to approximately HK$100,259,000 borne variable interest rate of 3.59%–4.81% per annum. The unsecured bank loans were guaranteed by the wholly owned subsidiaries, Fortune Finance Limited.

27. CONVERTIBLE BONDS

The Group employs convertible bonds as one of its sources of financing. In the both years presented, the Company issued below series of convertible bonds with maturity terms for 3 years, unsecured, coupon rate at 2%.

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

	2019 HK$'000	2018 HK$'000
Convertible bonds		
— Current	195,244	—
— Non-current	72,823	223,481
	268,067	223,481
Convertible bond reserves	71,982	66,821

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

	Issue date	Maturity date	Coupon rate	Effective interest rate	Principal HK$'000	Conversion price per share HK$	Issuer earlier redemption right
Year ended 31 March 2019							
2019 A	5 July 2018	4 July 2021	2%	11.74%	60,000	0.060	No
Year ended 31 March 2018							
2018 A	28 June 2017	27 June 2020	2%	11.17%	60,000	0.060	No
Year ended 31 March 2017							
2017 C	30 March 2017	29 March 2020	2%	12.47%	390,000	0.060	No

27. CONVERTIBLE BONDS (Continued)

Unless previously converted, each of the convertible bond shall be redeemed at 100% of the principal amount outstanding on the maturity date together with the outstanding interest payable on the maturity date and any other outstanding amount due but unpaid under the convertible bonds (if any).

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

	Convertible Bond Series			
	2017 C	2018 A	2019 A	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Liability components				
At 1 April 2017	290,696	—	—	290,696
Issue of convertible bonds	—	46,002	—	46,002
Interests at effective interest rates	20,658	3,898	—	24,556
Conversion at exercise	(137,773)	—	—	(137,773)
At 31 March and 1 April 2018	173,581	49,900	—	223,481
Issue of convertible bonds	—	—	45,255	45,255
Interests at effective interest rates	21,663	5,686	3,205	30,554
Conversion at exercise	—	—	(31,223)	(31,223)
At 31 March 2019	195,244	55,586	17,237	268,067
Equity components				
At 1 April 2017	99,503	—	—	99,503
Issue of convertible bonds	—	13,998	—	13,998
Issue of shares for convertible bonds exercised	(46,680)	—	—	(46,680)
At 31 March and 1 April 2018	52,823	13,998	—	66,821
Issue of convertible bonds	—	—	14,745	14,745
Issue of shares for convertible bonds exercised	—	—	(9,584)	(9,584)
At 31 March 2019	52,823	13,998	5,161	71,982

27. CONVERTIBLE BONDS (Continued)

During the valuation process of fair value of liability components, at issuance, the significant inputs to the valuation model were as follows:

	2019A	2018A
Risk free rate	1.872%	0.782%
Expected volatility	78.383%	89.667%
Expected option period	3.003 year	3.003 year

28. CORPORATE BONDS

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

	2019 HK$'000	2018 HK$'000
Current	10,340	10,184
Non-current	147,912	154,377
	158,252	164,561

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

Issue in the year ended	Original terms	Annual coupon rate	Effective interest rate	Principal HK$'000	Carrying amount HK$'000
At 31 March 2019					
31 March 2014	7–7.5 years	6%–7%	8.59%–9.66%	43,000	42,212
31 March 2015	7 years	6%–6.5%	8.59%–9.12%	57,500	55,974
31 March 2016	5–7 years	6.5%–7%	9.12%–9.76%	21,810	21,256
31 March 2017	3–7.5 years	6%–6.5%	9.10%–10.34%	40,100	38,810
					158,252
At 31 March 2018					
31 March 2014	7–7.5 years	6%–7%	8.59%–9.66%	43,000	41,244
31 March 2015	7 years	6%–6.5%	8.59%–9.12%	57,500	54,660
31 March 2016	3–7 years	6%–7%	9.12%–10.34%	24,810	23,805
31 March 2017	2–7.5 years	6%–6.5%	9.10%–10.34%	47,000	44,852
					164,561

28. CORPORATE BONDS (Continued)

These corporate bonds are repayable in the following schedule:

	2019 HK$'000	2018 HK$'000
Within one year	**10,340**	10,184
More than one year but not exceeding two years	**42,074**	9,940
More than two years but not exceeding five years	**104,002**	116,650
More than five years	**1,836**	27,787
	158,252	164,561

29. SHARE CAPITAL

	Notes	Number of shares '000	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.01 each at 1 April 2017, 31 March 2018 and 31 March 2019		20,000,000	200,000
Issued and fully paid:			
At 1 April 2017, ordinary shares of HK$0.01 each		4,036,729	40,367
Issue of shares for convertible bonds exercised	(a)	3,049,350	30,494
At 31 March 2018, ordinary shares of HK$0.01 each		7,086,079	70,861
Issue of shares for convertible bonds exercised	(a)	650,000	6,500
Issue of shares upon subscription	(b)	1,417,000	14,170
At 31 March 2019, ordinary shares of HK$0.01 each		9,153,079	91,531

(a) Issue of shares for convertible bonds exercised

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

On 14 January 2019, the holder of convertible bond series 2019 A exercised the option to convert as ordinary shares at HK$0.06 for 650,000,000 shares.

29. SHARE CAPITAL (Continued)

(b) Issue of shares upon subscription

On 13 December 2018, the Company entered into subscription agreement with the subscribers pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue a total of 1,417,000,000 subscription shares at the subscription price of HK$0.07 per subscription share.

All the conditions of the subscription agreements have been fulfilled and the completion of the subscriptions took place on 31 December 2018. 700,000,000 and 717,000,000 subscription shares were allotted and issued to the Ms. Sit Lai Hei and Eastasia Power Holding Limited, respectively by the Company, at the subscription price of HK$0.07 per subscription share.

30. RESERVES

(a) Special reserve

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

(b) Capital reserve

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

(c) Other reserve

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

31. DISPOSALS OF COMPONENTS OF THE GROUP

There was no other material disposal of components of the Group during the years ended 31 March 2019 and 2018.

32. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the consolidated financial statements, there are no significant related party transactions in the normal course of the Group's business for the years ended 31 March 2019 and 2018.

Compensation of key management personnel

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

	2019 HK$'000	2018 HK$'000
Short-term benefits	14,915	12,457
Post-employment benefits	65	70
	14,980	12,527

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

33. OFFSETTING FINANCIAL ASSET AND FINANCIAL LIABILITIES

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

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

33. OFFSETTING FINANCIAL ASSET AND FINANCIAL LIABILITIES (Continued)

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

	Gross amount HK$'000	Amount offset HK$'000	Net amount receivable (payable) HK$'000
As at 31 March 2019			
Trade receivable from HKSCC	**8,329**	**(7,256)**	**1,073**
Trade payable to HKSCC	**(7,256)**	**7,256**	**—**
As at 31 March 2018			
Trade receivable from HKSCC	8,965	(6,105)	2,860
Trade payable to HKSCC	(6,105)	6,105	—

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

(a) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at amortised cost:		
— Loan and trade receivables	**359,937**	—
— Other receivables and deposits	**91,261**	—
— Bank balances and cash — trust	**531,568**	—
— Bank balances and cash — general	**243,755**	—
Financial assets at FVTPL:		
— Equity securities listed in Hong Kong	**96,147**	—
— Bonds-linked notes	**25,141**	—
Financial assets at FVOCI:		
— Unlisted equity securities	**264**	—
Loan and receivables (including cash and cash equivalents)	**—**	1,051,500
Financial assets at FVPTL:		
— Investments held for trading	**—**	112,856
Held-to-maturity investment	**—**	60,302
Available-for-sale financial assets	**—**	1,510
Financial liabilities		
At amortised cost	**1,077,047**	975,231

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

(b) Financial risk management objectives and policies

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

Currency risk

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

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

	Assets		Liabilities	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Chinese Yuan Renminbi ("**RMB**")	**14,710**	14,865	**—**	1,858
United States Dollar ("**USD**")	**564,228**	123,035	**160**	5,151

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

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

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

Currency risk (Continued)

As at reporting date, the sensitivity analysis of RMB is as follows:

	Sensitivity rate	Increase/ decrease in profit for the year in profit or loss HK$'000	Increase/ decrease in equity HK$'000
2019			
RMB	**5%**	**614**	**614**
2018			
RMB	5%	543	543

Interest rate risk

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

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

Financial instruments with variable interest rate in nature:

	2019 HK$'000	2018 HK$'000
Assets		
Trade receivables		
— cash and margin clients	**114,997**	164,941
Bank balances and cash — general	**243,755**	480,823
Liability		
Loan payables	**100,259**	359,295

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

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

Interest rate risk (Continued)

The sensitivity analysis below have been determined based on the exposure to variable interest rates at the end of the Reporting Year. The analysis is prepared assuming the amounts outstanding at the end of the Reporting Year were outstanding for the whole year. A 100 basis points (2018: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As at 31 March 2019, if the interest rate of trade receivables from cash and margin clients, bank balances and cash — general, and loan payables had been 100 (2018: 100) basis point higher/lower, the Group's loss for the year would decrease/increase by approximately HK$2,158,000 (2018: HK$2,392,000).

Equity price risk

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

Sensitivity analysis

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

If the prices of the respective equity instruments had been 5% (2018: 5%) higher/lower, loss for the year ended 31 March 2019 would decrease/increase by approximately HK$4,014,000 (2018: HK$4,712,000) as a result of the changes in fair value of equity securities listed in Hong Kong.

Liquidity risk

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

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

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

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

Liquidity risk (Continued)

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

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts as at 31 March HK$'000
2019						
Non-derivative financial liabilities						
Trade payables, other payables and accruals	550,469	—	—	—	550,469	550,469
Loan payables	101,060	—	—	—	101,060	100,259
Corporate bonds	20,250	51,964	115,853	2,001	190,068	158,252
Convertible bonds	219,461	63,600	22,260	—	305,321	268,067
	891,240	115,564	138,113	2,001	1,146,918	1,077,047
2018						
Non-derivative financial liabilities						
Trade payables, other payables and accruals	227,894	—	—	—	227,894	227,894
Loan payables	369,349	—	—	—	369,349	359,295
Corporate bonds	20,812	20,278	138,436	31,382	210,908	164,561
Convertible bonds	—	219,461	63,600	—	283,061	223,481
	618,055	239,739	202,036	31,382	1,091,212	975,231

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

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

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 March 2019 and 2018 is the carrying amount as disclosed in note 34(a).

Loan and trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each debtor at the end of the reporting period to ensure that adequate ECL are made for irrecoverable amounts. In this regards, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group applies the simplified approach to provide the ECL prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables (excluding margin financing).

To measure the ECL, trade receivables (excluded margin financing) have been grouped based on the days past due. The ECL also incorporates forward looking information.

The Group measures the loss allowance for loan receivables and margin financing receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

The Group performs impairment assessment under ECL model upon application of HKFRS 9 on loan and trade receivables based on simplified approach and 12-month ECL. The credit risk on loan and trade receivables are limited because significant amount of loan and trade receivables are secured by the pledged securities and certain property units and the counterparties have no historical default record and the directors expect that the general economic conditions will not significantly changed for the 12 months' after the reporting date. Based on the Group's internal crediting rating, no material expected credit loss allowance is recognised for loan and trade receivables (excluded margin financing).

As at 31 March 2019, the carrying amounts of trade receivables from margin clients amounted to approximately HK$118,498,000 (2018: HK$172,943,000) and net of ECL allowance of HK$4,186,000 (2018: HK$234,000). The ECL allowance of HK$4,065,000 are from stage 1 that have not deteriorated significantly in credit quality since initial recognition. The remaining amount of ECL allowance of HK$121,000 are from stage 3 that have objective evidence of impairment at the reporting date.

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

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

Credit risk (Continued)

Loan and trade receivables (Continued)

The movement in ECL allowance (2018: provision for impairment losses) in trade receivables during the year is as follows:

	2019 HK$'000	2018 HK$'000
At 1 April	234	3,542
Amounts written off as uncollectible	—	(1,388)
Reversal of ECL allowances/impairment loss	(60)	(1,920)
ECL allowances	4,012	—
At 31 March	4,186	234

The movement in ECL allowance (2018: provision for impairment losses) in loan receivables during the year is as follows:

	2019 HK$'000	2018 HK$'000
At 1 April	—	8,601
Amounts written off as uncollectible	—	(239)
Reversal of ECL allowances/impairment loss	—	(8,362)
At 31 March	—	—

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

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

Credit risk (Continued)

Loan and trade receivables (Continued)

Prior to the effective of the HKFRS 9, loan and trade receivables (excluded margin clients) have been reviewed for indicators of impairment on both an individual and collective basis. The aging analysis of loan and trade receivables (excluded margin clients) that were past due but not considered to be impaired are as follows:

Trade receivables (excluded margin clients)

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

Loan receivables

	2018 HK$'000
Less than 30 days	300

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

Other receivables

The Group considers the ECL is low based on historical settlement records and past experience. The Group has assessed that the ECL for these receivables are not material under the 12-month expected loss method. Thus no loss allowance provision was recognised during the year.

Bank balances and cash

The credit risks of bank balances and cash are considered to be insignificant because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

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

(c) Fair value measurements of financial instruments

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

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

Financial assets and financial liabilities	Fair value as at 31 March 2019 HK$'000	Fair value as at 31 March 2018 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at FVTPL				
— Equity securities listed in Hong Kong	96,147	112,856	Level 1	Quoted bid prices in active market
— Bonds-linked notes (i)	25,141	—	Level 3	Discounted cash flow
Financial assets at FVOCI				
— Unlisted equity securities (ii)	264	—	Level 3	Net asset value

There were no transfers between level 1 and level 2 of fair value hierarchy during the year ended 31 March 2019 (2018: Nil).

(i) The notes are linked to the listed bonds. The fair value of bonds-linked notes is estimated using a discounted cash flow technique. It is estimated by the future coupon rate, adjusting for the risk and discounting from 7.882% to 7.963% for the bonds and notes.

(ii) The fair value of the unlisted equity investment is referenced to net asset value of the partnership during the year ended 31 March 2019.

(iii) The reconciliation of the carrying amounts of the Group's financial instruments classified within Level 3 of the fair value hierarchy is as follows:

	Bonds-linked notes HK$'000	Unlisted equity securities HK$'000
At 1 April 2018	—	—
Reclassification from available-for-sales financials assets	—	1,510
Deregistration of the financial assets	—	(1,258)
Acquisition of the financial assets	24,847	12
Fair value gain recognised in profit or loss	294	—
At 31 March 2019	25,141	264

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

35. PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation/ registration and operations	Particulars of issued and paid up capital	Percentage of ownership interest and voting power held by the Company		Principal activities
			2019	2018	
Fortune (HK) Securities Limited	Hong Kong	310,000,000 ordinary shares	100%	100%	Provision of securities brokerage and margin financing services
Fortune Asset Management Limited	Hong Kong	55,700,000 ordinary shares	100%	100%	Provision of asset management services
Fortune Financial (Holdings) Limited	BVI	1 ordinary share of US$1 each	100%	100%	Investment holding
Fortune Finance Limited	Hong Kong	10,000 ordinary shares	100%	100%	Provision of money lending services
Fortune Wealth Management Limited	Hong Kong	8,200,000 ordinary shares	100%	100%	Provision of insurance brokerage services
Fortune Immigration Investment Consulting Limited	Hong Kong	100,000 ordinary shares	100%	100%	Provision of immigration advisory services
Fortune Financial Capital Limited	Hong Kong	31,700,000 ordinary shares	100%	100%	Provision of corporate finance services
Fortune Case Limited	Hong Kong	1 ordinary share	100%	100%	Provision of corporate administrative services to group companies

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

35. PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

None of the subsidiaries had issued any debt securities at the end of the year or at any time during the years ended 31 March 2019 and 2018.

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

36. FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of financial position of the Company

	2019 HK$'000	2018 HK$'000
Non-current assets		
Property and equipment	95	130
Interests in joint ventures	1,415	1,415
Investments in subsidiaries	410	2,461
	1,920	4,006
Current assets		
Other receivables, deposits and prepayments	337	211
Amounts due from subsidiaries	995,653	756,714
Tax recoverable	29	—
Bank balances and cash	92,266	378,556
	1,088,285	1,135,481
Current liabilities		
Trade payables, other payables and accruals	1,959	1,874
Amounts due to subsidiaries	127,358	48,233
Loan payables	100,259	359,295
Convertible bonds	195,244	—
Corporate bonds	10,340	10,184
Tax payable	50	23
	435,210	419,609
Net current assets	653,075	715,872
Total assets less current liabilities	654,995	719,878

36. FINANCIAL INFORMATION OF THE COMPANY (Continued)

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

	Notes	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Corporate bonds		147,912	154,377
Convertible bonds		72,823	223,481
		220,735	377,858
Net assets		434,260	342,020
Capital and reserves			
Share capital	29	91,531	70,861
Share premium	36(b)	689,003	569,676
Convertible bond reserves	27	71,982	66,821
Translation reserve	36(b)	742	—
Contributed surplus	36(b)	80,657	80,657
Accumulated losses	36(b)	(499,655)	(445,995)
Total equity		434,260	342,020

(b) Reserves of the Company:

	Share premium HK$'000	Convertible bond reserves HK$'000	Translation reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000
At 1 April 2017	415,717	99,503	—	80,657	(466,775)
Profit for the year	—	—	—	—	20,780
Issue of convertible bonds	—	13,998	—	—	—
Issue of shares for convertible bonds exercised	153,959	(46,680)	—	—	—
At 31 March 2018 and 1 April 2018	569,676	66,821	—	80,657	(445,995)
Loss for the year	—	—	—	—	(53,660)
Exchange differences arising on translation of foreign operations	—	—	742	—	—
Issue of convertible bonds	—	14,745	—	—	—
Issue of shares for convertible bonds exercised	34,307	(9,584)	—	—	—
Issue of shares upon subscription	85,020	—	—	—	—
At 31 March 2019	689,003	71,982	742	80,657	(499,655)

36. FINANCIAL INFORMATION OF THE COMPANY (Continued)

(b) Reserves of the Company: (Continued)

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

37. CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

38. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Group as lessee

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

As at 31 March 2019 and 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	18,844	16,780
In the second to fifth year, inclusive	15,622	23,869
	34,466	40,649

(b) Capital commitment

The Group had the following capital commitment at reporting date:

	2019 HK$'000	2018 HK$'000
Contracted but not provided for:		
Investment in a joint venture	5,515	6,136

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Loan payables HK$'000	Corporate bonds HK$'000	Convertible bond HK$'000	Total HK$'000
At 31 March 2017	130,404	164,270	290,696	585,370
Cash-flows:				
— Repayment of a loan	(130,000)	—	—	(130,000)
— Repayment of corporate bonds	—	(4,000)	—	(4,000)
— Proceeds from loans	360,000	—	—	360,000
— Proceeds from issue of convertible bonds	—	—	60,000	60,000
— Interest paid	(1,734)	(11,589)	—	(13,323)
— Loan handling charges paid	(1,028)	—	—	(1,028)
Non-cash:				
— Equity component of convertible bonds	—	—	(13,998)	(13,998)
— Conversion of convertible bonds	—	—	(137,773)	(137,773)
— Redemption of convertible bonds	—	—	(30,494)	(30,494)
— Proceeds from issue of new shares	—	—	30,494	30,494
— Finance costs recognised	1,653	15,880	24,556	42,089
At 31 March 2018 and 1 April 2018	359,295	164,561	223,481	747,337
Cash-flows:				
— Repayment of corporate bonds	—	(9,900)	—	(9,900)
— Repayment of a loan	(1,180,000)	—	—	(1,180,000)
— Proceeds from loans	920,000	—	—	920,000
— Proceeds from issue of convertible bonds	—	—	60,000	60,000
— Interest paid	(8,158)	(11,324)	—	(19,482)
Non-cash:				
— Equity component of convertible bonds	—	—	(14,745)	(14,745)
— Conversion of convertible bonds	—	—	(31,223)	(31,223)
— Redemption of convertible bonds	—	—	(6,500)	(6,500)
— Proceeds from issue of new shares	—	—	6,500	6,500
— Finance costs recognised	9,122	14,915	30,554	54,591
At 31 March 2019	100,259	158,252	268,067	526,578

40. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund ("**MPF**") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employee's basic salaries and are charged to the consolidated statement of profit or loss and other comprehensive income when employees have rendered service entitling them to the contributions. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Pursuant to the regulations of the relevant authorities in the PRC, the subsidiaries of the Group in PRC participate in respective government retirement benefit scheme (the "**Scheme**") whereby the subsidiaries are required to contribute to the Scheme to fund the retirement benefits of the eligible employees. Contributions made to the Scheme are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirement in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contribution under the Schemes.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of approximately HK$1,930,000 (2018: approximately HK$1,385,000) represents contributions payable to the schemes by the Group in respect of the year ended 31 March 2019.

41. EVENTS AFTER THE REPORTING DATE

(i) On 9 November 2017, the subscription agreement dated 23 January 2017 entered into by the Group in relation to the establishment of a joint venture was terminated due to a change in the shareholding structure of the joint venture company. On 9 November 2017, the Group therefore entered into a new subscription agreement with independent third parties in relation to the establishment of the joint venture at total investment amount of RMB1,000 million (equivalent to approximately HK$1,174 million) and the Group shall contribute an aggregate amount of RMB300 million (equivalent to approximately HK$352 million) and hold 30% shareholding in the joint venture. The establishment of the joint venture is subject to approval by the China Securities Regulatory Commission. As at the date of the report, the approvals had yet to be obtained in this regard.

(ii) On 11 April 2019, Marvel Champion Investment Limited, a direct wholly owned subsidiary of the Company, has placed an order, to subscribe the bonds up to a maximum principal amount of US$15,900,000 (equivalent to approximately HK$125,000,000). The bonds bear an annual interest rate of 6.375% and are due on 15 April 2020. On 12 April 2019, the principal amount of US$11,000,000 (equivalent to approximately HK$86,477,600) have been allocated. The total consideration for the subscription is approximately HK$86,477,600 (including transaction cost).

41. EVENTS AFTER THE REPORTING DATE (Continued)

(iii) On 9 May 2019, Marvel Champion Investment Limited, a direct wholly owned subsidiary of the Company, has placed an order, to subscribe the new senior notes up to a maximum principal amount of US$15,900,000 (equivalent to approximately HK$125,000,000). The senior notes bear an annual interest rate of 7.75% payable semi-annually in arrears and are due on 28 February 2021. On 10 May 2019, the principal amount of US$8,500,000 (equivalent to approximately HK$66,810,000) have been allocated. The total consideration for the subscription is approximately HK$66,810,000 (including transaction cost).

(iv) On 20 May 2019, Marvel Champion Investment Limited, a direct wholly owned subsidiary of the Company, has placed an order, to acquire the notes in the principal amount of US$12,000,000 (equivalent to approximately HK$94,200,000) from the vendor at a total consideration of US$11,923,320 (equivalent to approximately HK$93,598,062) (including transaction cost). The notes bear an annual coupon rate of 6.5% payable semi-annually in arrears and are due on 20 May 2022.

42. COMPARATIVE FIGURES

Certain comparative figures in these consolidated financial statements were reclassified to conform to the current year's presentation.

Five Year Financial Summary

	For the year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**108,072**	96,404	49,880	49,207	45,083
(Loss)/profit before tax	**(102,743)**	(62,224)	30,907	(42,682)	(156,736)
Income tax expense	**(1,436)**	(3,226)	—	—	(431)
(Loss)/profit before non-controlling interests	**(104,179)**	(65,450)	30,907	(42,682)	(157,167)
Non-controlling interests	**—**	—	—	381	435
(Loss)/profit for the year attributable to owners of the Company	**(104,179)**	(65,450)	30,907	(42,301)	(156,732)
(Loss)/earnings per share (HK cents)					
Basic	**(1.38)**	(0.95)	0.85	(1.24)	(4.58)
Diluted	**(1.38)**	(0.95)	0.84	(1.24)	(4.58)

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**1,485,500**	1,353,930	988,835	458,135	477,943
Total liabilities	**(1,077,774)**	(978,164)	(711,169)	(350,595)	(324,096)
	407,726	375,766	277,666	107,540	153,847
Non-controlling interests	**—**	—	—	1,125	781
	407,726	375,766	277,666	108,665	154,628