中國置業投資控股有限公司*

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 736

2019

Annual Report

* For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Han Wei *(Chairman)*
Au Tat On

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lai Wai Yin, Wilson
Cao Jie Min
Liang Kuo-Chieh

COMPANY SECRETARY

Wong Chi Yan

AUTHORISED REPRESENTATIVES

Au Tat On
Wong Chi Yan

AUDITOR

Crowe (HK) CPA Limited

LEGAL ADVISER

H.Y. Leung & Co. LLP Solicitors

PRINCIPAL BANKER

ICBC (Asia)
CMB Wing Lung Bank

REGISTERED OFFICE

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2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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BERMUDA SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG SHARE REGISTRAR

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Hong Kong

WEBSITE

http://www.736.com.hk

STOCK CODE

736

LETTER FROM THE BOARD

On behalf of the board (the "board") of directors (the "directors") of China Properties Investment Holdings Limited (the "company"), I am pleased to present the annual results of the company and its subsidiaries (together the "group") for the year ended 31 March 2019 to the shareholders of the company (the "shareholders").

OPERATING RESULTS

For the year under review, the group's turnover for the continuing operation was approximately HKD51.60 million (2018: approximately HKD61.76 million), representing a decrease of approximately 16.45% compared with last year. The decrease in turnover was mainly due to decrease in loan interest income from the money lending business and income from the financial services business.

The audited net loss for the year was approximately HKD62.35 million (2018: approximately HKD569.46 million) and the basic loss per share was HK1.28 cents (2018: HK11.72 cents). The decrease in the net loss was mainly attributable to decrease in loss on dealing of financial assets at fair value through profit or loss and decrease in impairment loss on the available-for-sale investments of the group of the year ended 31 March 2019 as compared to those for the last year.

The administrative and selling expenses of the group for the year amounted to approximately HKD82.07 million (2018: approximately HKD102.41 million). The finance cost of the group amounted to approximately HKD4.04 million (2018: approximately HKD3.03 million) which was incurred for the interest-bearing borrowings under the security of investment properties in Shanghai and the unconvertible bonds issued by the company.

BUSINESS REVIEW

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

For the properties investment, as at 31 March 2019, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, approximately 100% of which was leased to third parties under operating leases with lease terms ranging up to twelve years.

For the financial services, the wholly owned subsidiaries of the company, namely C.P. Securities International Limited, which is a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance ("SFO") and C.P. Financial Management Limited, which is licensed under the SFO to carry on Type 9 (asset management) regulated activity, have engaged in financial services business of the group, including the provision of securities trading, margin financing, underwriting and assets management which help diversifying the businesses of the group and broaden the source of its income. For the year ended 31 March 2019, a segment revenue of approximately HKD3.27 million were recorded.

LETTER FROM THE BOARD

The money lending business made a slight decrease during the year. For the year ended 31 March 2019, the group had a gross loan portfolio amounted to approximately HK$406.65 million with the average interest rate of 10.77%. The interest income generated from the money lending business was approximately HK$38.61 million for the year ended 31 March 2019, representing a decrease of approximately 9.56% in comparison with last year.

OUTLOOK

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the group's net current assets were approximately HKD185.57 million (2018: approximately HKD469.74 million), including cash and bank balances of approximately HKD47.38 million (2018: approximately HKD77.71 million).

The group had borrowings of approximately HKD67.24 million as at 31 March 2019 (2018: approximately HKD38.11 million), of which 7.82%, 7.82%, 44.36%, 40.00% were due within 1 year, after 1 year but within 2 years, after 2 years but within 5 years, after 5 years respectively from balance sheet date. The gearing ratio, defined as the percentage of total debts to the total equity of the company, was approximately 12.52% (2018: 7.43%).

SIGNIFICANT INVESTMENTS

Investment with fair value accounting for more than 5% of the group's total assets was considered as significant investment. The company has the following significant investments as at 31 March 2019.

As at 31 March 2019, the company held approximately 310,250 participating shares (2018: approximately 310,250 participating shares) of the Avant Capital Dragon Fund SP (the "Dragon Fund") with the total investment cost of HK$270 million. The Dragon Fund is a segregated portfolio of Avant Capital SPC which is an exempted segregated portfolio company incorporated under the laws of the Cayman Islands. The fair value of the Dragon Fund was approximately HKD42.71 million as at 31 March 2019 (2018: approximately HKD44.10 million). A loss on dealing of financial assets at fair value through profit or loss of approximately HK$1.39 million was recognized for the year ended 31 March 2019. The Dragon Fund represented 5.23% (2018: 5.63%) of the net assets value of the group at the year ended 31 March 2019 and there was no dividend being distributed by the Dragon Fund for the period under review.

As at 31 March 2019, the company held approximately 193,476 participating shares (2018: approximately 193,476 participating shares) of the Tiger High Yield Fund Segregate Portfolio (the "Tiger Fund") with the total investment cost of HK$150 million. Tiger Fund is a segregated portfolio of Tiger Super Fund SPC which is an exempted segregated portfolio company incorporated under the laws of the Cayman Islands. The fair value of the Tiger Fund was approximately HK$2.79 million as at 31 March 2019 (2018: approximately HKD4.04 million). An impairment loss of available-for-sale investments reclassified from equity to profit or loss of approximately HKD1.25 million was recognized for the year ended 31 March 2019. The Tiger Fund represented 0.34% (2018: 0.52%) of the net assets value of the group for the year ended 31 March 2019 and there was no dividend being distributed by the Tiger Fund for the period under review.

The recognition of the said impairment loss is due to decline in the fair values of the company's investment in Dragon Fund and Tiger Fund (the "Investment Funds"). For the purpose of assessment of the fair value of the Investment Funds, the company has engaged an independent valuer to prepare valuation report on the Investment Funds. The investment portfolio of the Investment Funds comprises various stocks of listed companies and a private company. The stock price of the listed companies in 2019 decreased in comparing with the stock price in 2018, which poses a change in the market value of the Investment Funds.

In valuing the market value of the stocks in the investment portfolio of the Investment Funds, the valuer adopted the closing stock price as at 31 March 2019 (the "Valuation Date"). For the valuation of a private company, the valuer adopted price to earnings ratio to assess its market value.

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

- the economic and industry outlooks affecting the Investment Funds;

- the nature and the performance of the Investment Funds and their invested enterprises; and

- the risks facing by invested enterprises.

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

- the continuous operation of the Investment Funds;

- there will be no material changes from political, legal, economic or financial aspects in the jurisdictions in which the Investment Funds currently incorporate or invest which will materially affect its operation;

- there will be no substantial market fluctuation in the economy in the jurisdictions in which the Investment Funds currently invest which will materially affect their operations and the earnings attributed to the Investment Funds;

- there will be no substantial fluctuation in current interest rates and foreign currency exchange rates in the jurisdictions in which the Investment Funds currently invest which will materially affect their operations and the earnings attributed to the Investment Funds; and

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

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

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

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

The valuer has adopted the following valuation methodology:-

(A) Asset Accumulation Method: the value of the individual assets (both tangible and intangible) less the value of the liabilities (both recorded and contingent) represents the subject business value of the Investment Funds

(B) Price-to-Earnings Ratio ("P/E Ratio") The P/E Ratio is a valuation ratio of a company's current price per share compared to its earnings per share. By definition, ownership interests in closely held companies are typically not readily marketable, and by definition not as liquid and as easily converted to cash compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company. The valuer opted to apply a 20% lack of market discount to the private company pursuant to "A Companion Guide to FMV Restricted Stock Study" (1980-2014) prepared by FMV Opinions, Inc. and based on their professional judgment. A minority discount is the reduction applied to the valuation of a minority equity position in a company due to the absence of control. Minority shareholders usually have the inability to dictate the future strategic direction of the company, the election of directors, the nature, quantum and timing of their return on investment, or even the sale of their own shares. This absence of control reduces the value of the minority equity position against the total enterprise value of the company. For the valuation of the private company, 25% minority discount was adopted to reflect the absence of control.

(C) Liabilities Valuation – Carrying Value: In valuing the current payables and liabilities of Tiger Fund and Dragon Fund, all accounting items were stated at the carrying values on the balance sheet.

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

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

FOREIGN EXCHANGE EXPOSURE

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

CAPITAL STRUCTURE

There was no change in the capital structure of the company for the year ended 31 March 2019.

CHARGES ON GROUP'S ASSETS

As at 31 March 2019, the group's investment properties with a value of approximately HKD229.19 million were pledged to secure a borrowing from Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the company.

CONTINGENT LIABILITIES

As at 31 March 2019, the group did not have any material contingent liability (2018: Nil).

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no acquisition or disposal of subsidiaries or associated companies of the group for the year ended 31 March 2019.

EMPLOYEES

As at 31 March 2019, the group had 41 employees (2018: 41). The remuneration of employees was determined with reference to statutory minimum wages, market terms and the performance, qualification and experience of individual employees. The group provides mandatory provident fund and insurance scheme to the employees. Share option scheme and incentive schemes are adopted to encourage personal commitment of employees.

APPRECIATION

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

On behalf of the board

Han Wei
Chairman

Hong Kong, 27 June 2019

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Han Wei, aged 48, was appointed as a non-executive director of the company in December 2016 and was re-designated as executive director in August 2017 and was appointed as the chairman and chief executive officer of the company in December 2017. He joined the group in December 2008 as the director and authorized representative of Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the company. He is also the director of an indirect wholly-owned subsidiary of the company in Canada. Mr. Han is an intermediate economist conferred by the Ministry of Personnel People's Republic of China. He graduated from Shanghai Education Institute (上海教育學院) and studied Finance at Shanghai Finance University (上海金融高等專科學校). He also completed the EMBA programme at Research Institute of Tsinghua University in Shenzhen (深圳清華大學研究院). Mr. Han has extensive experience in banking and business management. Prior to joining the group, Mr. Han served as the general manager of an investment company in Shanghai for about five years and serves as a manager of Bank of Shanghai. He is responsible for the overall management, strategic planning and business development of the group.

Mr. Au Tat On, aged 63, was appointed as an executive director of the company in May 2006. Mr. Au received a bachelor's degree in business administration from Chu Hai College in 1989 and has nearly 28-year experience in banking operations and financing. He is responsible for the general management and money lending business of the group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Wai Yin, Wilson, aged 54, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in April 2009. Mr. Lai is a fellow member of the Association of International Accountants, United Kingdom and a practising member of the Hong Kong Institute of Certified Public Accountants. He graduated from Hong Kong Shue Yan University majoring in accounting. During the 30 years in the audit profession, Mr. Lai gained extensive experience in the audits of Hong Kong listed companies and multi-national companies engaged in manufacturing, construction, property investment and software development businesses as well as audits of US Securities and Future Commission regulated clients. In addition, he had involved in many initial public offering projects and due diligence works in the PRC, Hong Kong, Singapore and the United States. He is currently the sole proprietor of Wilson W.Y. Lai & Co., Certified Public Accountants.

Ms. Cao Jie Min, aged 34, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in May 2009. Ms. Cao holds a bachelor of laws degree in international economy from the Shanghai Institute of Foreign Trade. Ms. Cao currently holds a practicing certificate issued by the Ministry of Justice of the PRC. She is currently working in the legal & compliance department of Ford Automotive Finance (China) Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Liang Kuo-Chieh, aged 40, was appointed as an independent non-executive director and member of audit committee of the company in July 2017. Mr. Liang holds a master of science degree in transport and sustainability from Imperial College London and University College London and a bachelor of engineering degree in mechatronics from King's College London, University of London. Mr. Liang is currently working as an enterprise and training manager of Bootstrap Company and is also a board member and social enterprise consultant of Greenwich Social Enterprise Partnership. Mr. Liang has extensive experience in fund raising and financial consulting.

SENIOR MANAGEMENT

Mr. Zhou Hong Tao, aged 41, was appointed as the director of Triple Glory Holdings Limited in August 2011, a wholly owned subsidiary of the company and is carrying the business of money lending services. Mr. Zhou obtained a bachelor's degree in Engineering from the Dalian University of Technology and a master degree in Business Administration from the Beijing Jiaotong University. He also obtained the IFM certificate from U.S.A. in 2005 and has over ten years of experience in management and merger and acquisition of resource related projects. Prior to joining the company, Mr. Zhou served (i) at the office of Yanshan District Committee, Beijing City as deputy general manager; and (ii) at PKU Resource Group as director of the project operation centre.

Mr. Pao Lik, aged 48, was appointed as the director, CEO and responsible officer of C.P. Securities International Limited ("CPS") in April 2016 and May 2016 respectively. CPS is licensed under the Securities and Futures Ordinance to carry on type 1 regulated activity of dealing in securities in Hong Kong and is a wholly-owned subsidiary of the company. Mr. Pao was also appointed as the responsible officer and director of C.P. Financial Management Limited ("CPFM") in December 2016. CPFM is a company licensed under the Securities and Futures Ordinance to carry on Type 9 (asset management) regulated activity in Hong Kong and is a wholly-owned subsidiary of the company. Prior to joining the group, Mr. Pao served as the Vice President and Responsible Officer in Southwest Securities (HK) Brokerage Limited (formerly known as "Tanrich Securities Company Limited") since 1998. Mr. Pao has extensive experience in operation and management of securities brokerage and asset management business. He holds a Bachelor degree in Government and Public Administration in The Chinese University of Hong Kong.

REPORT OF THE DIRECTORS

The directors of the company herein present their report and the audited financial statements of the company and the group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activity of the company is investment holding. The principal activities of its subsidiaries are set out in note 17 to the financial statements.

BUSINESS REVIEW

The business review of the group's performance during the year required under Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including financial key performance and the likely future development in the business of the group is set out in the "Letter from the Board" on pages 3 to 8 of this annual report. Description of the principal risks and uncertainties facing the company can be found throughout this annual report particularly in note 4 to the financial statements. This discussion forms part of this "Report of the Directors".

RESULTS AND DIVIDENDS

The results of the group for the year ended 31 March 2019 are set out in the consolidated statement of profit or loss on pages 46 and 47 of this annual report.

The directors do not recommend payment of any dividends in respect of the year ended 31 March 2019.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 155 of this annual report. This summary does not form part of the audited financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the year ended 31 March 2019, as far as the board is aware, there was no material breach of the laws or regulations that have a significant impact on the company's business and operation by the company.

ENVIRONMENTAL PROTECTION POLICY

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

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the plant and equipment, and investment properties of the group during the year are set out in notes 15 and 16 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the company's share capital and share options during the year, together with the reasons therefor, are set out in notes 30 and 31 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save as the company's share option scheme disclosed in note 31 to the financial statements, no equity-linked agreements were entered into by the company during the year ended 31 March 2019.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the company, nor any of its subsidiaries purchased, redeemed or sold any of the company's listed securities during the year ended 31 March 2019.

RESERVES

Details of movements in the reserves of the company and the group during the year are set out in note 32 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

The aggregate amount of reserves available for distribution to owners of the company as at 31 March 2019 is set out in note 32 to the financial statement.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover for the continuing operations attributable to the group's five largest customers accounted for approximately 48.64% of the total turnover for the year and turnover attributable to the largest customer included therein amounted to approximately 15.52%. Purchases for the continuing operations from the group's five largest suppliers accounted for 25.08% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 7.02%.

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

DIRECTORS

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

EXECUTIVE DIRECTORS:

Han Wei *(Chairman)*
Au Tat On

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Lai Wai Yin, Wilson
Cao Jie Min
Liang Kuo-Chieh

REPORT OF THE DIRECTORS

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

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

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

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

DIRECTORS' BIOGRAPHIES

Biographical details of the directors are set out on pages 9 and 10 of the annual report.

DIRECTORS' REMUNERATION

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2019, none of the directors or their associates (if any, as defined under the Listing Rules) was interested in any business which competes or is likely to compete with the businesses of the group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Save as disclosed in note 34 to the financial statements, none of directors of the company or their connected entities had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the group's business to which the company or any of its subsidiaries was a party at any time during the year ended 31 March 2019.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 31 March 2019, no directors has registered an interest or short position in the share capital (the "Shares") of the company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the company pursuant to Section 352 of the SFO, or as otherwise notified to the company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules:

The interests of directors in the share options of the company are separately disclosed in the note 31 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 31 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

PERMITTED INDEMNITY PROVISION

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

There is appropriate directors' and officers' liabilities insurance coverage for the directors and officers of the group.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 31 March 2019, so far as known to the Directors, there was no person who had an interest or short position in the shares of the company and underlying shares which would require disclosure to the company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued share capital of the company.

CONNECTED TRANSACTIONS

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

Significant related party transactions entered into by the group during the year ended 31 March 2019, which do not constitute connected transactions under the Listing Rules, are disclosed in note 34 to the financial statements.

NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The group had no material event after reporting period.

PUBLIC FLOAT

Based on information that is publicly available to the company and within the knowledge of directors, the company maintained a sufficient public float throughout the year ended 31 March 2019.

AUDITOR

Crowe (HK) CPA Limited acted as auditor of the company and audited the group's consolidated financial statements for the financial year ended 31 March 2019. A resolution will be submitted to the forthcoming annual general meeting of the company to re-appoint Crowe (HK) CPA Limited as auditor of the company.

ON BEHALF OF THE BOARD

Han Wei
Chairman

Hong Kong, 27 June 2019

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

In view of the corporate governance practices, the company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our shareholders' expectations. The company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The company recognizes the maintenance of good corporate governance practices is essential to the growth of the company. In the opinion of the directors, the company had complied with the CG Code throughout the year ended 31 March 2019 except for the code provisions A.2.1 and E.1.2. Details of the deviation are set out in the relevant section below.

DIRECTORS' SECURITIES TRANSACTION

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

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

BOARD OF DIRECTORS

The board comprises five directors, including two executive directors and three independent non-executive directors. Details of the board composition are set out in the Report of Directors on page 11.

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

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

CORPORATE GOVERNANCE REPORT

The board members are fully committed to their roles and have always acted, individually and collectively, in the best interests of the company and its shareholders at all times. To the best knowledge of the company, there is no financial, business, family or other relevant relationship amongst directors. Biographical details of the directors are set out on pages 9 and 10 under the section headed "Biographical details of the Directors and Senior Management" of this annual report.

The number of full board meetings and general meetings held during the year ended 31 March 2019 and the directors' respective attendance record are summarised as follows:

	Number of general meeting Attended/Held	Number of Board meeting Attended/Held
Executive Directors		
Han Wei	0/1	21/21
Au Tat On	1/1	21/21
Independent Non-executive Directors		
Lai Wai Yin, Wilson	1/1	21/21
Cao Jie Min	0/1	21/21
Liang Kuo-chieh	0/1	21/21

The code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The chairman was unable to attend the company's annual general meeting held on 6 September 2018 due to his other work commitments.

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

CHAIRMAN AND CHIEF EXECUTIVE

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

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

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

CORPORATE GOVERNANCE FUNCTIONS AND BOARD COMMITTEES

In view of the corporate governance practices, the company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our shareholders' expectations. The company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The company recognizes the maintenance of good corporate governance practices is essential to the growth of the company. In the opinion of the directors, the company had complied with the CG Code throughout the year ended 31 March 2019 except for the code provisions A.2.1 and E.1.2. Details of the deviation are set out in the relevant section below.

AUDIT COMMITTEE

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

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

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

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

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

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

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

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

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

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

- To ensure that the board will provide a timely response to the issues raised in the external auditor's management letter.

- To consider other topics, as defined by the board.

- To review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

- To perform the duties as set out in Code Provision C.3.3 of the CG Code.

During the year ended 31 March 2019 the Audit Committee held 2 meetings, details of attendance are set out below:–

Members	**Number of meetings Attendance/Held**
Lai Wai Yin, Wilson *(Chairman of the Audit Committee)*	2/2
Cao Jie Min	2/2
Liang Kuo-chieh	2/2

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

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

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

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

- To make recommendations to the board on the company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

- To review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives.

- To review and determine the remuneration packages of the directors with reference to their duties and responsibilities with the company.

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

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

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

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

The duties of the Nomination Committee include the following:

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

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

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

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

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

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

During the year ended 31 March 2019, the Remuneration Committee and Nomination Committee held 1 meeting, details of attendance are set out below:–

	Nomination Committee	**Remuneration Committee**
Members	**Number of meetings Attendance/Held**	**Number of meetings Attendance/Held**
Lai Wai Yin, Wilson	1/1	1/1
Cao Jie Min	1/1	1/1
Au Tat On	1/1	1/1

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

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

The statement of the auditor of the company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 41 to 45 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

In order to comply with the applicable code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules, the board has retained Crowe (HK) Risk Advisory Limited, an independent professional firm as the outsourced internal auditor with a view to facilitating adequacy of resources and quality of review to satisfy the group's internal audit function as required by the Listing Rules and to assist the board to perform annual reviews on the effectiveness of the group's risk management and internal control systems for the year ended 31 March 2019.

During the year ended 31 March 2019, the group has reviewed an internal audit charter which defined the scope and the duties and responsibilities of the internal audit function and its reporting protocol. The group has conducted an annual risk assessment which identified respective strategic risks, operational risks, financial risks and compliance risks for each of the major business segment of the group. Risk factors were analyzed and consolidated at the group level. Based on the risk assessment results following a risk based methodology audit approach, a three-years' audit plan was updated which prioritized the risks identified into annual audit projects. Annual reviews were performed according to the audit plan with a view to assisting the board and the Audit Committee to evaluate the effectiveness of the group's risk management and internal control systems. The review also covered the compliance of code provisions as set out in the Appendix 14 to the Listing Rules, material controls, including financial, operational and compliance controls at entity and operational levels. The group has taken further steps to enhance its risk management and internal control systems according to some weaknesses were found during risk assessment and examination of the internal control and strengthen the implementation of all the risk management and internal control systems.

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

Based on the risk management and internal control systems established and maintained by the group, the work performed by the external auditor, the internal auditor, and reviews performed by the management, respective board committees and the board, the Audit Committee and the board are of the view that the group has maintained sound, effective and adequate risk management and internal control system during the year ended 31 March 2019.

AUDITOR'S REMUNERATION

An analysis of the auditor's remuneration, for the year is set out as follows:

Services rendered	Fee paid/payable Approximately HK$'000
Audit services (2018: approximately HK$1,798,000)	1,824
Non-audit services (2018: approximately HK$510,000)	510
Total:	2,334

SHAREHOLDERS' RIGHTS

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

Shareholders may send written enquiries to the company, for the attention of the board or the secretary of the company, by post to Room 4303, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. Shareholders may also direct their questions about their shareholdings to Tricor Secretaries Limited, the company's Hong Kong share registrar, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

COMMUNICATION WITH SHAREHOLDERS

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

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

CONSTITUTIONAL DOCUMENTS

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

During the year ended 31 March 2019, there was no change in the company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ABOUT THIS REPORT

The board of directors (the "Board") of China Properties Investment Holdings Limited (the "Company") is pleased to present this Environmental, Social and Governance (hereinafter called "ESG") Report (the "Report") of the Company and its subsidiaries (collectively as the "Group" or "we"). This ESG Report summarizes the policies, sustainability strategies, management approach, initiatives and performance made by the Group in the environmental and social aspects of its business.

The ESG Report covers the Group's business in the properties investment, money lending and financial services for the year ended 31 March 2019. The Report discloses the required information under the "comply or explain" provisions of the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEX"). The relevant provisions and details are listed out at the end of the Report.

The Board is responsible for the Group's ESG strategy formulation and reporting, evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management measures and internal control systems are in place. In order to determine the ESG reporting scopes, the key management personnel has discussed internally and identified the environmental, social and operating items, and assessed their importance to the stakeholders and the Group. The summary of material ESG items are listed out in this report.

II. STAKEHOLDERS' ENGAGEMENT

The Group is committed to maintaining the sustainable development of its business and the environmental protection of the communities in which it operates. The Group maintains a close tie with its stakeholders, including government/regulatory organizations, shareholders/investors, employees, customers, suppliers, community, etc. and strives to balance their opinions and interests through constructive communications in order to determine the directions of its sustainable development. The Group assesses and determines its environmental, social and governance risks, and ensures that the relevant risk management measures and internal control systems are operating effectively. The following table shows the management response to the stakeholders' expectations and concerns:

Stakeholders	Expectations and concerns	Management response
Government/ regulatory organizations	➢ Compliance in laws and regulations ➢ Fulfill tax obligation	➢ Uphold integrity and compliance in operations ➢ Pay tax on time, and in return contributing to the society ➢ Establish comprehensive and effective internal control system
Shareholders/ investors	➢ Return on investment ➢ Information transparency ➢ Corporate governance system	➢ Management possesses relevant experience and professional knowledge in business sustainability ➢ Ensure transparent and effective communications by dispatching websites of HKEX and the Company. ➢ Continue to improve the internal control system and focus on risk management
Employees	➢ Labor rights ➢ Career development ➢ Compensation and welfare ➢ Health and workplace safety	➢ Set up contractual obligations to protect labor rights ➢ Encourage employees to participate in continuous education and professional trainings ➢ Establish a fair, reasonable and competitive remuneration scheme ➢ Pay attention to occupational health and safety
Customers	➢ High quality services	➢ Improve the quality of services continuously in order to maintain customer satisfaction ➢ Ensure proper contractual obligations are in place
Suppliers	➢ Stable demand ➢ Good relationship with the Company ➢ Corporate reputation	➢ Ensure proper contractual obligations are in place ➢ Establish policy and procedures in supply chain management ➢ Establish and maintain strong and long-term relationship with suppliers ➢ Select suppliers with due care
Community	➢ Environmental protection ➢ Community contribution ➢ Economic development	➢ Pay attention to climate change ➢ Maintain good and stable financial performance and business growth

III. MATERIALITY MATRIX

During the reporting period, the Group has evaluated a number of environmental, social and operating items, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure that the Group's business objectives and development direction are in line with the stakeholders' expectations and requirements. The Group's and stakeholders' matters of concern are presented in the following materiality matrix:

Materiality Matrix

Importance to Stakeholders	Low	Medium	High
High	◆ Anti-discrimination measures ◆ Labor rights protection	◆ Talent management ◆ Staff training and promotion opportunity ◆ Staff compensation and welfare	➢ Customers' satisfaction ➢ Service quality ➢ Anti-corruption
Medium	➢ Community contribution	✧ Greenhouse gas emissions ✧ Use of resources ◆ Occupational health and workplace safety	➢ Operational compliance ➢ Customers' privacy measures and protection ➢ Suppliers management
Low	◆ Preventive measures for child and forced labor ✧ Exhaust air emission ✧ Sewage discharge ✧ Generation of non-hazardous wastes	✧ Water resources utilization	

Importance to the Group

✧ Environmental ◆ Employee ➢ Operation

IV. ENVIRONMENTAL PROTECTION

The Group has always adhered to the management philosophy of sustainable development, and devoted to improve the environmental performance. To maintain a balance between efficient operation and environmental protection, we establish a set of environmental protection policies to cover air and greenhouse gas emission reduction, energy efficiency, water conservation, and solid waste management. We formulate the corresponding indicators and various measures to manage natural resources and to mitigate the potential impact on the environment.

1. MANAGEMENT OF EMISSIONS

The Group recognizes the close link between energy consumption and greenhouse gas reduction and undertakes various energy saving measures (refer to the section "Management of Resources Utilization" below for details) to reduce energy consumption, to improve energy use efficiency and to reduce negative impact on the environment. Waste management mainly involves domestic garbage and collection of waste paper for recycling (refer to the section "Management of Resources Utilization" below for details). The Group's main businesses are properties investment, money lending and financial services. No hazardous wastes was generated nor any packaging materials was used. Domestic sewage discharged does not have significant impact on the environment.

2. MANAGEMENT OF RESOURCES UTILIZATION

The Group uses resources diligently and devotes to ensure all resources are utilized in an efficient and prudent manner, and continuously paying attention in identifying and taking appropriate measures to reduce the adverse impacts of its activities on the environment. We remind our employees to focus on resource conservation and require them to follow our resource conservation measures to maximize resource utilization and to eliminate waste.

Conservation of Energy

Gasoline is mainly used in vehicles. We regularly repair and maintain vehicles to improve energy efficiency, and to reduce the extra fuel use and exhaust air emission due to part failures. During the reporting period, the Group's gasoline consumption was approximately 42,635.01 litres, shows an increase of approximately 6,106.17 litres or 16.72% compared with previous year.

Towngas is mainly used in staff quarters. We encourage our employees to save towngas and switch it off when not in use. During the reporting period, the Group's towngas consumption was approximately 12,288.00 megajoule ("MJ"), shows a drop of 1,104.00 MJ or 9.87% compared with previous year.

The Group's electricity consumption is mainly used in offices and staff quarters. We set up a series of measures to save electricity and to improve the performance of the electrical equipment, and encourage our employees to change their habits in use of electrical appliances. For example, selecting energy-efficient equipment; switching off office equipment such as computers, photocopiers, air-conditioners, lights, etc. at night time and during weekends when they are not in use; activating the energy-saving mode for computers. We pay attention to maintaining electrical equipment and keep them in good condition and reduce unnecessary electricity consumption. During the reporting period, the Group consumed 34.54 megawatt hours ("MWh"). As the employees actively support our energy saving measures, the Group's electricity consumption decreased by approximately 9.45 MWh or 21.48%, and electricity consumption per employee dropped slightly by 0.19 MWh compared to last year.

Conservation of Water

Water consumption of the Group are mainly barreled drinking water purchased from vendors, water used in sanitary supplied and managed by the property management company and daily water used in staff quarters supplied by government. Although the Group does not encounter any water supply problem during the reporting period, we have taken various measures to educate our employees to save water in daily life, to raise the awareness in use of water resources, and to reduce wastage. During the reporting period, the volume of water consumed by the Group was approximately 254.00 cubic meters ("M^3"), shows an increase of approximately 21.96 M^3 or 9.46%.

Conservation of Paper

The Group promotes green office policy and encourages employees to save paper and to avoid wastage. We also distribute information and documents in electronic format to minimize photocopying and printing. We also fully utilize paper by reusing one-sided used papers, collect double-sided waste papers and put them into collection boxes and arrange recycling by recycling companies. During the reporting period, the Group's business consumed approximately 0.15 tonnes of paper, shows an increase of approximately 0.03 tonnes or 23.40% compared with previous year.

Compliance

During the reporting period, the Group did not involve in any non-compliance incidents relating to environmental protection that have a significant impact on the Group.

3. USE OF RESOURCES

The Group has always been focusing on protecting the environment and hope that everyone can contribute and work together to build a livable society. In order to provide clear guideline to all employees in reducing the negative impact from bad habits in using resources and that come from our business activities on the environment, we continue to adopt various policies, measures, and actions in reducing carbon footprint (Please refer to “Emission Management” and “Management of Resources Utilization” above for details). We also hope that our employees can convey the message of protecting the environment to their families, friends and business partners; to build a stronger cohesive power and work together to ease the climate change due to human factors.

V. EMPLOYMENT AND LABOR PRACTICES

Employees are the Group’s most valuable assets. The Group devotes to create a non-discrimination and harmonious workplace and establishes a comprehensive management mechanism. Our human resources strategies are formulated on the base of the Group’s long-term development plan. We establish an equal and competitive mechanism internally, regulate the promotion process of employees, and attract talents by offering them commensurate remuneration and various welfare. Besides, we encourage employees to maintain harmonious interpersonal relationships, promote team spirit of cooperation and unity, bravely face difficulties and overcome challenges. Our human resources policies vary by locations to comply with the local labor regulations.

TALENT SELECTION

The Group is a fair opportunity employer and respects personal privacy, and it has established and implemented fair treatment policy. The appropriate candidates would be selected based on their morality, knowledge, abilities and job requirements, and regardless of their gender, race, disability, political philosophy, sexual orientation, age, religion, etc. The policy applies to all phases of the employment relationship, including but not limited to, hiring, promotion, performance appraisal, training, personal development and termination.

LABOR STANDARDS

The Group cherishes human rights and prohibits any unethical hiring practices, including child and forced labor by conducting background checks in its hiring process. Employees’ consent for working overtime is required to avoid forced overtime work, and the employees are compensated in accordance with the applicable labor laws and regulations. During the reporting period, the Group did not hire any applicant under the legal working age in order to comply with the local laws and regulations in respect of child and forced labor.

COMPENSATION AND WELFARE

The Group attracts and retains outstanding talents with competitive remuneration packages; benchmarks up-to-date remuneration data in the industry and strives to establish a fair, reasonable and competitive remuneration scheme. Staff salaries level are decided base on one's knowledge, skills, experiences and education background with reference to the work requirement. Employees compensation varies by companies at different locations. The employee remuneration package includes salary, discretionary bonus/year-end bonus and so on. The salary level is at least up to or over the minimum wages of the industry or as stipulated by laws. We conduct periodic performance appraisal and fairly assess the discretionary bonus, subsidies, commissions, salaries increment and/or promotion recommendations based on a number of criteria (working experience, seniority, knowledge and skills, performance, contribution, etc.).

Employees are entitled to rest day, statutory holidays, annual leave, sick leave, marriage leave, maternity leave, funeral leave, and so on. Employees are entitled to retirement benefit scheme subject to the local laws and regulations. Staff in Mainland China participate in the endowment insurance, unemployment insurance, medical insurance, employment injury insurance, maternity insurance and housing provident fund. Hong Kong staff participate in the mandatory provident fund scheme. We handle dismissal or compensation in accordance with the local laws and regulations.

The Group pays attention to its employees' health, encourages work-life balance. Employees' work hours are based on the local labor laws. In order to enhance cooperation and cohesion between employees and help them staying relaxed, we organized gatherings, including Lunar New Year dinner, and so on.

DEVELOPMENT AND TRAINING

An excellent corporate team is critical to the Group's sustainable and long-term business development. Therefore, we establish a long-term talents development training strategy and encourages staff to continue study and lifelong learning. We provide on-the-job training and mentorship for new hires to help them adapting to the new work environment quickly, and enhance team cohesion. Training topics for new hires includes organizational structure, corporate culture, rules and regulations, ethics, industry knowledge, job responsibilities, products and services, etc. From time to time, we provide staff with the latest industry information and related legislation updates in connection with our operations. Continuous training not only enhances the professional knowledge and skills of employees, but also provides reasonable assurance to the investors that the employees have sufficient technical knowledge, professional skills and ethics to perform duties efficiently and impartially.

Professionals such as directors, chief financial officer, finance manager and compliance officer, etc., participate in external training held by qualified organizations regularly, in the form of seminars. During the reporting period, training topics include safety of online investment, customers' disputes handling, long-term investment strategies, asset management industry, securities trading laws and regulations, listing rules, taxation, finance, anti-corruption (please refer to section "Anti-corruption" below for details), etc..

HEALTH AND SAFETY

The Group pays attention to its employees' health and provides a safe work environment as priority and takes a comprehensive preventive approach, to cover illness and injury prevention. We have established internal policies and procedures in respect of health and workplace safety to ensure that each company complies with the local health and safety regulations. In order to maintain a healthy, smoke-free and safe work environment, we strictly prohibit smoking in the office and provide first aid supplies.

COMPLIANCE

During the reporting period, the Group did not involve in any non-compliance incidents relating to employment, health and safety, and labor standards that have significant impact on the Group.

VI. OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group conveys its concerns on environmental issues to its suppliers and business partners, and expects them to implement similar practices. We serve to maintain long-term, stable and strategic cooperative relationships with leading suppliers, and co-develop with its suppliers on the basis of equality to achieve a win-win situation. In order to establish an efficient and green supply chain system, we select suppliers and service providers with good credit history, reputable, high service quality, proven track records of environmental compliance and sound commitment to social responsibility. We conduct irregular performance review of our suppliers and service providers with an aim to effectively control our products and service quality.

SERVICE RESPONSIBILITY

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

(1) Licences and Regulations

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

(2) Know Your Client

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

(3) Customer Data Protection and Privacy Policies

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

(4) Customer Complaints

In accordance with the requirement under our Code of Conduct (the "Code"), we established our policies and procedures in handling client complaints. When client complaint is received, our responsible personnel has to inform our management at once to record the details about the complaint; and to keep all relevant documents properly. Staff must explain to the clients that they can follow up and check the status of their complaints with our Compliance Department. All client complaints have to be investigated immediately and handled properly following the managing directors/top management's instructions; Compliance Department might assist in the investigation as instructed. All staff involved in the complaints should not participate in the investigation. In case that the complaints cannot be remediated promptly, we have to inform our clients and suggest alternatives as allowed under our monitoring system.

(5) Integrity

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

(6) Compliance

During the reporting period, the Group did not involve in violation or non-compliance incident relating to customer services that had significant impact on the Group; nor received any complaints concerning breaches of customer privacy and loss of data.

ANTI-CORRUPTION

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

Regarding the financial services business, staff are required to strictly comply with the policies and in conducting each transaction including the verification of clients' identities, assessment of clients' honesty, integrity, commercial ability and creditworthiness; and to keep documents and records properly. This is to ensure that we comply with the applicable laws and regulations, and to protect the interests of our stakeholders. To avoid dealing with potential money launderers, terrorist financiers or to handle funds derived from any criminal activity, we refuse the operation of any accounts for anonymous clients or in obviously fictitious names. Staff are required to bring any suspicious transaction to the urgent attention of compliance manager for review. The compliance manager shall conduct a thorough investigation and determine whether suspicion remains. We provide appropriate trainings to staff in dealing department so that they understand the money laundering and counter-terrorism techniques; and reminding them about their responsibilities. We send periodic circulars to all staff to alert them of any new money laundering techniques being used. In order to keep employees updated on the latest anti-corruption measures, the employees of the financial services business, including directors, Chief Executive Officer, Compliance Officers, etc. have participated in anti-corruption seminar this year (such as anti-money laundering and terrorist fundraising, integrity issues of financial services practitioners, recent anti-money laundering activities, etc.).

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

VII. COMMUNITY INVESTMENT

The Group has paid tax in accordance with applicable law since its incorporation, and spares no effort in easing local employment pressure. We help our staff to prepare and plan for their retirement by providing social security benefits for all employees. We run our business following good practices, actively promote green energy-saving and environmental friendly concepts, and achieve a good development order; and to certain extent, we have contributed to social stability and building a harmonious community.

VIII. VISION OUTLOOK

As a good corporate citizen, the Group strives to strike a balance between achieving corporate missions and business objectives, and to fulfill social responsibility. We will continue to evaluate our performance on environmental protection, employee care, service quality and community investment and to build edge for the sustainable development of the Group.

The Group will endeavor to comply with the stringent laws and regulations of environmental protection, and actively promote and participate in various environmental protection activities. We will also put employee satisfaction and workplace safety as our top priority. We aim at attracting more talents through providing a comfortable workplace and competitive remuneration scheme. As for customer services, we keep on investing resources and will raise the standard of services quality continuously. At the same time, we committed to fulfilling our social responsibility by actively participating in charitable activities and promoting the community's sustainable development.

The Group aspires to become a respectable enterprise. Going forward, the Group serves to enhance its business performance through implementation of sustainable development strategies and to generate more meaningful long-term value for the enterprise and its stakeholders.

IX. ENVIRONMENTAL PERFORMANCE DATA SUMMARY

	Unit	2018/19	2017/18[4]
Greenhouse gas ("GHG") emissions:			
Scope 1[1]:			
Total	Tonnes	98.20	84.17
Intensity[3]	Tonnes	2.67	2.16
Scope 2[2]:			
Total	Tonnes	26.43	39.20
Intensity[3]	Tonnes	0.72	1.01
Air emissions:			
Nitrogen oxide	Tonnes	8.27	7.09
Sulfur oxide	Tonnes	0.65	0.56
Particulate matters	Tonnes	0.88	0.75
Natural resources and water resources consumption:			
Electricity:			
Total	MWh	34.54	43.99
Intensity[3]	MWh	0.94	1.13
Gasoline:			
Total	Litres	42,635.01	36,528.84
Intensity[3]	Litres	1,157.62	936.64
Towngas:			
Total	MJ	12,288.00	11,184.00
Intensity[3]	MJ	333.64	286.77
Water resources:			
Total	M^3	254.00	232.04
Intensity[3]	M^3	6.90	5.95

Note:

1 Scope 1 refers to the Group's business direct GHG emissions, including combustion of gasoline and towngas.

2 Scope 2 refers to the Group's business indirect GHG emissions, including consumption of purchased electricity.

3 Intensity is based on the number of employees.

4 Last year's comparative figures are restated to conform with the current year's presentation.

X. "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE" BY HKEX

General Disclosure/ Key Performance Indicators ("KPIs")	Reporting Guideline	Page
A. Environmental		
Aspect A1	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	29
KPI A1.1	The types of emissions and respective emissions data.	29
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	37
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A[1]
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity[1] (e.g. per unit of production volume, per facility).	29
KPI A1.5	Description of measures to mitigate emissions and results achieved.	29
KPI A1.6	Description of how hazardous[1] and non-hazardous wastes are handled, reduction initiatives and results achieved.	29
Aspect A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	29 – 30
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility)	37
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	37
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	29 – 30
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	30
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A[1]
Aspect A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	31
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	31

General Disclosure	Reporting Guideline	Page
B. Social[2]		
Aspect B1	**Employment and Labor Practices**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	31 – 32
Aspect B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	33
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	32
Aspect B4	**Labor Standards**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	31
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	33
Aspect B6	**Product Responsibility**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	34 – 35

General Disclosure	Reporting Guideline	Page
B. Social[2]		
Aspect B7	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	35
Aspect B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	35

Notes:

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

OPINION

We have audited the consolidated financial statements of China Properties Investment Holdings Limited (the "company") and its subsidiaries (the "group") set out on pages 46 to 154, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matter

Allowance of expected credit losses on loan receivables

We identified the allowance of expected credit losses on loan receivables as a key audit matter due to the significant management judgement involved in identification and measurement of loss allowance for expected credit losses.

The group had loan receivables totalling HK$393,416,000 as at 31 March 2019. Allowance of expected credit loss of HK$7,136,000 is recognised for the year ended 31 March 2019.

The adoption of HKFRS 9 has fundamentally changed the group's policy for loss allowance by replacing HKAS 39's incurred loss approach with a forward-looking expected credit losses ("ECLs") approach.

Management assesses the ultimate recovery of loan receivables, by considering various factors, including the ageing of the receivables balances, borrower's current creditworthiness, the past collection history and the realisable value of collaterals from borrowers and their guarantors. For further details, refer to the disclosure of key sources of estimation uncertainty and disclosure of loan receivables in notes 5 and 24 to the consolidated financial statements respectively.

Our procedures in relation to allowance of expected losses on loan receivables included:

- understanding through enquiry with the management the established policies and procedures on credit risk management of the group, assessing and evaluating the design of controls with respect to identification of impaired loan receivables and testing the key controls on major lending;

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

- on a sample basis, evaluating management's judgement over the recoverability and creditworthiness of the borrowers and assessing whether the ECLs made by management were adequate and appropriate against the available information, such as the recoverable amount of collaterals, past collection history of borrowers, the group's actual loss experience and subsequent repayment of monies or additional collateral received from clients or their guarantors.

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong
27 June 2019

Alvin Yeung Sik Hung
Practising Certificate Number P05206

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	Note	2019 HK$000	2018 HK$000
Revenue	7	**51,604**	61,760
Cost of sales and services rendered		**(2,321)**	(2,493)
Gross profit		**49,283**	59,267
Valuation (loss)/gain on investment properties	16	**(21,296)**	5,257
Other income	8(a)	**18,896**	498
Other gains and losses	8(b)	**422**	(1,692)
Selling expenses		**(177)**	(179)
Administrative expenses		**(81,892)**	(102,235)
Other expenses	9(d)	**(28,738)**	(153,154)
Impairment loss of available-for-sale investments reclassified from equity to profit or loss		**–**	(371,856)
Loss from operations		**(63,502)**	(564,094)
Finance costs	9(a)	**(4,042)**	(3,029)
Loss before taxation	9	**(67,544)**	(567,123)
Income tax credit/(expenses)	12	**5,190**	(2,333)
Loss for the year		**(62,354)**	(569,456)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	Note	2019 HK$000	2018 HK$000
Attributable to:			
Owners of the company		**(62,354)**	(569,456)
LOSS PER SHARE	14		
Basic		**(HK1.28 cents)**	(HK11.72 cents)
Diluted		**(HK1.28 cents)**	(HK11.72 cents)

The notes on pages 54 to 154 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Loss for the year	**(62,354)**	(569,456)
Other comprehensive (loss)/income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of:		
– financial statements of group entities	**(28,944)**	26,628
	(28,944)	26,628
Available-for-sale investments:		
– Changes in fair value	**–**	(453,453)
– Reclassification adjustments relating to recognition of impairment loss	**–**	371,856
Total other comprehensive loss for the year	**(28,944)**	(54,969)
Total comprehensive loss for the year	**(91,298)**	(624,425)
Attributable to:		
Owners of the company	**(91,298)**	(624,425)

The notes on pages 54 to 154 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 HK$000	2018 HK$000
Non-current assets			
Plant and equipment	15	**6,208**	9,748
Investment properties	16	**229,192**	264,906
Intangible assets	18	**2,034**	7,101
Goodwill	19	**2,550**	4,748
Deposit for acquisition of plant and equipment	20	**–**	2,499
Available-for-sale investments	21	**–**	48,144
Financial assets at fair value through profit or loss	21	**45,509**	–
Loan receivables	24	**309,983**	49,980
		595,476	387,126
Current assets			
Property under development	22	**20,136**	20,362
Trade and other receivables	23	**30,075**	110,672
Loan receivables	24	**83,433**	209,398
Financial assets at fair value through profit or loss	21	**31,331**	53,011
Tax recoverable	28(a)	**–**	809
Available-for-sale investments	21	**–**	13,745
Fixed deposits	25	**8,523**	10,339
Cash and bank balances – trust accounts	25	**6,726**	16,033
Cash and bank balances – general accounts	25	**40,654**	61,679
		220,878	496,048
Current liabilities			
Trade and other payables	26	**19,613**	22,881
Interest-bearing bank borrowings	27	**5,262**	3,124
Unconvertible bonds	29	**10,000**	–
Tax payable	28(a)	**432**	300
		35,307	26,305
Net current assets		**185,571**	469,743
Total assets less current liabilities		**781,047**	856,869
Non-current liabilities			
Interest-bearing bank borrowings	27	**61,973**	34,986
Deferred tax liabilities	28(b)	**12,036**	19,364
Unconvertible bonds	29	**10,000**	20,000
		84,009	74,350
NET ASSETS		**697,038**	782,519

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 HK$000	2018 HK$000
EQUITY			
Equity attributable to owners of the company			
Share capital	30	**48,576**	48,576
Reserves	32	**648,462**	733,943
TOTAL EQUITY		**697,038**	782,519

Approved and authorised for issue by the board of directors on 27 June 2019.

On behalf of the board

Han Wei
Director

Au Tat On
Director

The notes on pages 54 to 154 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the company								
	Share capital	Share premium	Special reserve	Contributed surplus	Equity settled share-based compensation reserve	Exchange fluctuation reserve	Investment revaluation reserve	Accumulated losses	Total
	HK$000	HK$000	HK$000	HK$000	HK$000	HK$000	HK$000	HK$000	HK$000
Balance at 1 April 2017	48,576	2,064,777	(11,153)	136,012	–	10,037	81,597	(950,294)	1,379,552
Changes in equity for 2017/2018:									
Loss for the year	–	–	–	–	–	–	–	(569,456)	(569,456)
Other comprehensive income/(loss)									
Exchange differences arising on translation of:									
– financial statements of group entities	–	–	–	–	–	26,628	–	–	26,628
Changes in fair value of available-for-sale investments	–	–	–	–	–	–	(453,453)	–	(453,453)
Reclassification adjustments relating to impairment loss of available-for-sale investments	–	–	–	–	–	–	371,856	–	371,856
Total comprehensive income/(loss) for the year	–	–	–	–	–	26,628	(81,597)	(569,456)	(624,425)
Equity-settled share-based transactions	–	–	–	–	27,392	–	–	–	27,392
Total transactions with owners	–	–	–	–	27,392	–	–	–	27,392
Balance at 31 March 2018	48,576	2,064,777	(11,153)	136,012	27,392	36,665	–	(1,519,750)	782,519
Balance at 1 April 2018	**48,576**	**2,064,777**	**(11,153)**	**136,012**	**27,392**	**36,665**	**–**	**(1,519,750)**	**782,519**
Impact on initial application of HKFRS9	**–**	**–**	**–**	**–**	**–**	**(70)**	**–**	**(6,108)**	**(6,178)**
Adjusted balance at 1 April 2018	**48,576**	**2,064,777**	**(11,153)**	**136,012**	**27,392**	**36,595**	**–**	**(1,525,858)**	**776,341**
Changes in equity for 2018/2019:									
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(62,354)**	**(62,354)**
Other comprehensive loss									
Exchange differences arising on translation of:									
– financial statements of group entities	**–**	**–**	**–**	**–**	**–**	**(28,944)**	**–**	**–**	**(28,944)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(28,944)**	**–**	**(62,354)**	**(91,298)**
Equity-settled share-based transactions	**–**	**–**	**–**	**–**	**11,995**	**–**	**–**	**–**	**11,995**
Total transactions with owners	**–**	**–**	**–**	**–**	**11,995**	**–**	**–**	**–**	**11,995**
Balance at 31 March 2019	**48,576**	**2,064,777**	**(11,153)**	**136,012**	**39,387**	**7,651**	**–**	**(1,588,212)**	**697,038**

The notes on pages 54 to 154 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Operating activities			
Loss before taxation		**(67,544)**	(567,123)
Adjustments for:			
Finance costs	9(a)	**4,042**	3,029
Interest income	8	**(401)**	(110)
Dividend income from investments in securities	8	**(68)**	(38)
Depreciation	9(c)	**3,251**	3,693
Valuation loss/(gain) on investment properties	16	**21,296**	(5,257)
Equity-settled share-based payment expenses	9(b), (c)	**11,995**	27,392
Loss on dealing of financial assets at fair value through profit or loss	9(d)	**14,427**	136,190
Amortisation of intangible asset	18	**2,229**	2,229
Allowance of expected credit loss on loan receivables	9(d)	**7,136**	–
Impairment loss of intangible assets	9(d)	**2,838**	–
Impairment loss of goodwill	9(d)	**2,198**	–
Impairment loss of accounts receivable	9(d)	**–**	16,964
Impairment loss of available-for-sale investments reclassified from equity to profit or loss		**–**	371,856
Reversal of loss allowance of accounts receivable	8	**(16,964)**	–
Exchange difference, net		**(9,522)**	(351)
		(25,087)	(11,526)
Changes in working capital			
Decrease/(increase) in trade and other receivables		**96,497**	(43,652)
(Increase)/decrease in loan receivables		**(150,436)**	18,434
Decrease/(increase) in financial assets at fair value through profit of loss		**9,825**	(36,045)
Decrease/(increase) in cash and bank balances – trust accounts		**9,307**	(9,211)
(Decrease)/increase in trade and other payables		**(2,564)**	1,796
Increase in property under development		**(465)**	(982)
Cash used in operations		**(62,923)**	(81,186)
Hong Kong Profits Tax paid		**(29)**	(2,963)
Net cash used in operating activities		**(62,952)**	(84,149)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Investing activities			
Payment to acquire plant and equipment		**(25)**	(17)
Decrease/(increase) in deposit for acquisition of plant and equipment		**2,338**	(2,358)
Decrease in fixed deposits		**1,470**	1,825
Interest received on bank deposits		**199**	110
Additions of investment properties		**(2,588)**	–
Interest received on financial products		**202**	–
Dividends received from listed securities		**68**	38
Proceeds from maturity of financial products		**12,860**	–
Payment to acquire available-for-sale investments		**–**	(12,971)
Net cash generated from/(used in) investing activities		**14,524**	(13,373)
Financing activities			
Proceeds from new bank borrowings and other borrowings		**34,488**	50,116
Repayment of bank borrowings and other borrowings		**(2,923)**	(24,763)
Interest paid for interest-bearing bank borrowings	9(a)	**(3,042)**	(728)
Interest paid for other borrowings	9(a)	**–**	(1,301)
Interest paid for unconvertible bonds	9(a)	**(1,000)**	(1,000)
Net cash generated from financing activities		**27,523**	22,324
Net decrease in cash and cash equivalents		**(20,905)**	(75,198)
Cash and cash equivalents at 1 April		**61,679**	136,775
Effect of foreign exchange rate changes		**(120)**	102
Cash and cash equivalents at 31 March		**40,654**	61,679
Analysis of the balances of cash and cash equivalents			
Cash and bank balances – general accounts	25	**40,654**	61,679

The notes on pages 54 to 154 form part of these financial statements.

1. CORPORATE INFORMATION

China Properties Investment Holdings Limited (the "company") is an investment holding company. The principal activities of its subsidiaries are set out in note 17.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) STATEMENT OF COMPLIANCE

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

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for current accounting period of the group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in these financial statements.

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Basis of measurement

The consolidated financial statements For the year ended 31 March 2019 comprise the company and its subsidiaries.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of measurement (Continued)

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

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

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

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

c) SUBSIDIARIES

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

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

In the company's statement of financial position, an investment in subsidiary is stated at cost less impairment losses (see note 2(j)).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) GOODWILL

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

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

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

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) OTHER INVESTMENTS IN EQUITY SECURITIES

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

Investments in equity securities are recognised/derecognised on the date the group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the group determines fair value of financial instruments, see note 4 (vi). These investments are subsequently accounted for as follows, depending on their classification.

(a) Policy applicable from 1 April 2018:

Equity investments

An investment in equity securities is classified as fair value at profit or loss (FVPL) unless the equity investment is not held for trading purposes and on initial recognition of the investment the group makes an election to designate the investment at fair value through other comprehensive income (FVOCI) (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(r)(ii).

(b) Policy applicable prior to 1 April 2018:

Investments in securities held for trading were classified as financial assets measured at FVPL. Any attributable transaction costs were recognised in profit or loss as incurred. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in profit or loss.

Investments which did not fall into the above categories were classified as available-for-sale financial assets. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (recycling). Dividend income from equity investments were recognised in profit or loss in accordance with the policies set out in note 2(r)(ii). When the investments were derecognised or impaired (see note 2(j)(i) – policy applicable prior to 1 April 2018), the cumulative gain or loss recognised in equity was reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) INVESTMENT PROPERTIES

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired in a business combination

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

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

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

– Trading rights	5 years

Derecognition of intangible assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) LEASED ASSETS

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

i) Classification of assets leased to the group

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

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

ii) Operating lease charges

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS

(i) Credit losses from financial instruments

(a) Policy applicable from 1 April 2018

The group recognises a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents and loan receivables and trade and other receivables);

Financial assets measured at fair value, including financial assets measured at FVPL are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

In measuring ECLs, the group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

(a) Policy applicable from 1 April 2018 (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

(a) Policy applicable from 1 April 2018 (Continued)

Significant increases in credit risk (Continued)

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

– failure to make payments of principal or interest on their contractually due dates;

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

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

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

(a) Policy applicable from 1 April 2018 (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(r)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

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

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

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

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

(b) Policy applicable prior to 1 April 2018

Prior to 1 April 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables and available-for-sale investments). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

– significant financial difficulties 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; and

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

(b) Policy applicable prior to 1 April 2018 (Continued)

When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

– For available-for-sale investments, the cumulative loss that had been recognised in the fair value reserve (recycling) was reclassified to profit or loss. The amount of the cumulative loss that was recognised in profit or loss was the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

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

(ii) Impairment of non-financial assets

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

– plant and equipment;

– intangible assets;

– deposit for acquisition of plant and equipment;

– goodwill; and

– investments in subsidiaries and associates in the company's statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(ii) Impairment of non-financial assets (Continued)

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(iii) Interim financial reporting and impairment

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

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.

k) LOAN RECEIVABLES

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

Effective interest method

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) CONTRACT LIABILITIES

A contract liability is recognised when the customer pays consideration before the group recognises the related revenue (see note 2(r)). A contract liability would also be recognised if the group has an unconditional right to receive consideration before the group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(r)(iii)).

m) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit losses (ECLs) in accordance with the policy set out in note 2(j)(i).

n) TRADE AND OTHER PAYABLES

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

o) INTEREST-BEARING BORROWINGS/UNCONVERTIBLE BONDS

Interest-bearing borrowings and unconvertible bonds are measured initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings and unconvertible bonds are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method. Interest expense is recognised in accordance with the group's accounting policy for borrowing cost (see note 2(t)).

p) OFFSETTING FINANCIAL INSTRUMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) INCOME TAX

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) INCOME TAX (Continued)

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

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

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

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

- in the case of current tax assets and liabilities, the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) REVENUE AND OTHER INCOME

Income is classified by the group as revenue when it arises from loan interest, the provision of services or the use by others of the group's assets under leases in the ordinary course of the group's business.

Revenue is recognised when control over a service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

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

i) Rental income from operating leases

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

ii) Dividend income

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

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

iii) Interest income

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

iv) Commission income and service income

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

v) Commission and fees income on dealing in securities

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) REVENUE AND OTHER INCOME (Continued)

vi) Placing and underwriting commission income

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

vii) Investment management fee income

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

s) TRANSLATION OF FOREIGN CURRENCIES

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

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transactions date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) BORROWING COSTS

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

u) RELATED PARTIES

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

  i) has control or joint control over the group;

  ii) has significant influence over the group; or

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

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) EMPLOYEE BENEFITS

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

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

ii) *Share-based payments*

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

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

iii) *Termination benefits*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) SEGMENT REPORTING

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

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

x) PROVISIONS AND CONTINGENT LIABILITIES

(i) Other provisions and contingent liabilities

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

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

y) PROPERTY UNDER DEVELOPMENT

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

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

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the group. Of these, the following developments are relevant to the group's financial statements:

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers and the related amendments
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration

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

HKFRS 9 FINANCIAL INSTRUMENTS

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses and exchange fluctuation reserve at 1 April 2018.

	HK$'000
Accumulated losses	
Recognition of additional expected credit losses on:	
– loan receivables	6,108
Net increase in accumulated losses at 1 April 2018	6,108
Exchange fluctuation reserve	
Impact on initial application of HKFRS 9	(70)
Net decrease in exchange fluctuation reserve at 1 April 2018	(70)

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

HKFRS 9 FINANCIAL INSTRUMENTS (Continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

At the date of initial application of HKFRS 9 (1 April 2018), the company's management has assessed which business models apply to the financial assets held by the group and has classified its financial assets and liabilities into the appropriate HKFRS 9 categories.

The application of HKFRS 9 does not affect the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 and have not been changed.

The following table shows the original measurement categories for each class of the group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 March 2018	**Reclassification**	**HKFRS 9 carrying amount at 1 April 2018**
	HK$'000	HK$'000	HK$'000
Available-for-sale investments ("AFS")			
– Unlisted investments fund (Note)	48,144	(48,144)	–
– Financial product (Note)	13,745	(13,745)	–
	61,889	(61,889)	–
Financial assets at fair value through profit or loss			
– Unlisted investments fund (Note)	–	48,144	48,144
– Financial product (Note)	–	13,745	13,745
– Trading securities	53,011	–	53,011
	53,011	61,889	114,900

Note: The unlisted investments fund and financial product of the group with fair value of HK$48,144,000 and HK$13,745,000 respectively at 1 April 2018 were reclassified from AFS to financial assets at FVTPL, as they do not meet the HKFRS 9 criteria for classification at amortised cost and FVTOCI.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

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

HKFRS 9 FINANCIAL INSTRUMENTS (Continued)

b. Credit losses

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

The group applies the new ECL model to financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loan receivables);

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 March 2018 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 April 2018.

	HKAS 39 carrying amount at 31 March 2018	**Additional credit loss recognised**	**HKFRS 9 carrying amount at 1 April 2018**
	HK$'000	HK$'000	HK$'000
Loan receivables	259,378	(6,178)	253,200
Accumulated losses	1,519,750	6,108	1,525,858
Exchange fluctuation reserve	(36,665)	70	(36,595)

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

HKFRS 9 FINANCIAL INSTRUMENTS (Continued)

c. Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 April 2018. Accordingly, the information presented for 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the group):

  – the determination of the business model within which a financial asset is held; and

  – the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

HKFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

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

HKFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

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

a. *Timing of revenue recognition*

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

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;

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 entity 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.

b. *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.

Previously, the group only applied such a policy when payments were significantly deferred, which was not common in the group's arrangements with its customers. The group did not apply such a policy when payments were received in advance.

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

HKFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

c. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the group has an unconditional right to consideration. If the group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation, the group has made the following adjustments at 1 April 2018, as a result of the adoption of HKFRS 15:

	At 31 March 2018	Impact on initial application of HKFRS 15	At 1 April 2018
	HK$'000	$'000	HK$'000
Trade and other payables			
– Receipt in advance	1,323	(1,323)	–
– Contract liabilities	–	1,323	1,323

There is no significant impact on the group's financial position and financial results upon initial application at 1 April 2018. Comparative information continues to be reported under HKAS 18.

HK(IFRIC) – INT 22 FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) – Int 22 does not have any material impact on the financial position and the financial result of the group.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The group's major financial instruments include trade and other receivables, loans receivables, financial assets at fair value through profit or loss, cash and cash equivalents, available-for-sale investments, fixed deposits, interest-bearing bank borrowings, trade and other payables and unconvertible bonds.

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

i) CREDIT RISK

a) As at 31 March 2019 and 2018, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any loss allowance.

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

As at 31 March 2019, the group has certain concentration of credit risk as 28% (2018: 62%) of total cash at bank and on hand and fixed deposits with maturity of 3 months or more were deposited at one financial institution in the Hong Kong with high credit ratings.

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

i) CREDIT RISK (Continued)

c) In respect of trade receivables arising from rental income from investment properties, in order to minimise the credit risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its tenants' financial position and condition are performed on each and every major tenant periodically. These evaluations focus on the tenant's past history of making payments when due and current ability to pay, and take into account information specific to the tenant as well as pertaining to the economic environment in which the tenant operates. The group has trade receivables of HK$17,635,000 (2018: HK$14,613,000) from the tenants. The group has received rental deposits amounting to HK$2,762,000 (2018: HK$2,580,000) from the tenants as collateral. Rents are usually due upon presentation of billing.

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

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

d) The group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor, tenant and margin client. The default risk of the industry in which debtors, tenants or margin client operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the group had concentration of credit risk as for 54% (2018: 67%), 100% (2018: 100%) and Nil (2018: 67%) of the loan receivables, rental receivables and secured margin loan receivables from the business of dealing in securities were due from the group's five largest debtors, the two largest tenants and zero (2018: five) largest margin clients respectively.

Further quantitative disclosures in respect of the group's exposure to credit risk arising from trade and other receivables and loans receivable are set out in notes 23 and 24, respectively.

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

ii) LIQUIDITY RISK

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

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

	2019							2018						
	Weighted average effective interest rate	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash outflow HK$'000	Carrying amount HK$'000	Weighted average effective interest rate	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash outflow HK$'000	Carrying amount HK$'000
Trade and other payables	-	16,795	-	-	-	16,795	16,795	–	18,978	–	–	–	18,978	18,978
Interest-bearing bank borrowings	6.79%	9,419	9,215	38,106	30,014	86,754	67,235	5.88%	5,180	5,062	23,376	12,940	46,558	38,110
Unconvertible bonds	5%	10,929	10,340	-	-	21,269	20,000	5%	1,000	10,929	10,338	–	22,267	20,000
		37,143	19,555	38,106	30,014	124,818	104,030		25,158	15,991	33,714	12,940	87,803	77,088

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

iii) CURRENCY RISK

a) Exposure to currency risk

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

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

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

Exposure to foreign currencies (expressed in Hong Kong Dollars)

	2019	2018
	Renminbi	Renminbi
	HK$'000	HK$'000
Cash and cash equivalents	**9**	8
Trade and other payables	**(5,614)**	(6,000)
Overall exposure to currency risk	**(5,605)**	(5,992)

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

iii) CURRENCY RISK (Continued)

b) Sensitivity analysis

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

	2019		2018	
	Increase/ (decrease) in foreign exchange rates	**(Increase)/ decrease in loss after tax and accumulated losses HK$'000**	Increase/ (decrease) in foreign exchange rates	(Increase)/ decrease in loss after tax and accumulated losses HK$'000
Renminbi	**5%**	**(234)**	5%	(250)
	(5%)	**234**	(5%)	250

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the group which expose the group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2018.

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

iv) INTEREST RATE RISK

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

At 31 March 2019, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would increase/decrease the group's loss after tax and accumulated losses by approximately HK$504,000 (2018: HK$286,000). This is attributable to variable rate interest-bearing bank borrowings.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next annual reporting period. The analysis is performed on the same basis for 2018.

v) EQUITY PRICE RISK

The group is exposed to equity price changes arising from trading of listed securities classified as financial assets at fair value through profit or loss. The sensitivity analysis has been determined based on the exposure to equity price risk.

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

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

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

v) EQUITY PRICE RISK (Continued)

At 31 March 2019, it is estimated that an increase/(decrease) of 10% (2018: 10%) in the fair value of the group's trading securities and unquoted investments with all other variables held constant would have decreased/(increased) the group's loss after tax (and accumulated losses) and increase/(decrease) the group's other components of consolidated equity as follows:

	2019		2018	
	(Increase)/ decrease in loss after tax and accumulated losses HK$'000	**Increase/ (decrease) in other components of equity* HK$'000**	(Increase)/ decrease in loss after tax and accumulated losses HK$'000	Increase/ (decrease) in other components of equity* HK$'000
Available-for-sale investments				
– Unlisted investments fund	**–**	**–**	–	4,814
Financial assets at fair value through profit or loss				
– Trading securities	**3,133**	**–**	5,301	–
– Unlisted investment fund	**4,551**	**–**	–	–
	7,684	**–**	5,301	4,814

* Excluding accumulated losses

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

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

vi) FAIR VALUE MEASUREMENT

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

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

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

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

vi) FAIR VALUE MEASUREMENT (Continued)

	Fair value measurements as at 31 March 2019 categorised into				Fair value measurements as at 31 March 2018 categorised into			
	Level 1	**Level 2**	**Level 3**	**Fair value at 31 March 2019**	Level 1	Level 2	Level 3	Fair value at 31 March 2018
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements assets:								
Available-for-sale investments								
– Unlisted investments fund (note 1 & 2)	**–**	**–**	**–**	**–**	–	4,041	44,103	48,144
– Financial Product (note 2)	**–**	**–**	**–**	**–**	–	–	13,745	13,745
Financial assets at fair value through profit or loss								
– Unlisted investments fund (note 1 & 2)	**–**	**2,792**	**42,717**	**45,509**	–	–	–	–
– Trading securities	**31,331**	**–**	**–**	**31,331**	53,011	–	–	53,011

During the years ended 31 March 2018 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Note:

1 The valuation techniques and key inputs used of available-for-sale investments and financial assets at fair value through profit or loss for level 2 fair value measurement are as follows:

The fair value of available-for-sale investments and financial assets at fair value through profit or loss are assessed to approximate the net asset values indicated on the net asset value statements issued by investment fund managers, which take into consideration the fair value of the assets held under the investments.

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

vi) FAIR VALUE MEASUREMENT (Continued)

Note: (Continued)

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

	Valuation techniques	Significant unobservable inputs	Percentage of discount
Unlisted investments fund classified as financial assets at fair value through profit or loss (2018: available-for-sale investments)	Market comparable companies	Discount for lack of marketability	20% (2018: 25%)

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

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

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

vi) FAIR VALUE MEASUREMENT (Continued)

Note: (Continued)

2 The valuation techniques and key inputs used of available-for-sale investments and financial assets at fair value through profit or loss for level 3 fair value measurement at the end of the reporting period are as follows: (Continued)

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

	Financial assets at fair value through profit or loss Unlisted investments fund HK$'000	Financial assets at fair value through profit or loss Financial product HK$'000
Balance at 31 March 2018 under HKAS 39	–	–
Impact on initial application of HKFRS 9		
– Reclassify from available-for-sale investments	44,103	13,745
Balance at 1 April 2018 under HKFRS 9	44,103	13,745
Maturities	–	(12,860)
Loss on fair value change	(1,386)	–
Exchange alignment	–	(885)
Balance at 31 March 2019	42,717	–

The movements during the year ended 31 March 2018 in the balance of these Level 3 fair value measurements are as follows:

	At 31 March 2018 HK$'000
Unlisted investments fund classified as available-for-sale investments:	
At the beginning of the year	429,035
Loss on fair value change	(384,932)
At the end of the year	44,103
Financial product classified as available-for-sale investments:	
At the beginning of the year	–
Additions	12,971
Exchange alignment	774
At the end of the year	13,745

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

vi) FAIR VALUE MEASUREMENT (Continued)

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

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

vii) FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING

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

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

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

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

As at 31 March 2019

Type of financial assets	Gross amounts of recognised financial assets HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Related amounts not offset in the consolidated statement of financial position Collateral received* HK$'000	Net amount HK$'000
Accounts receivable arising from the business of dealing in securities	1,160	(709)	451	–	451
Deposit placed with clearing house	205	–	205	–	205

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

vii) FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING (Continued)

Type of financial liabilities	**Gross amounts of recognised financial liabilities HK$'000**	**Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000**	**Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000**	**Related amounts not offset in the consolidated statement of financial position Collateral pledged HK$'000**	**Net amount HK$'000**
Accounts payable arising from the business of dealing in securities	**6,461**	**(709)**	**5,752**	**–**	**5,752**

As at 31 March 2018

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

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

vii) FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING (Continued)

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

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

5. ACCOUNTING JUDGEMENTS AND ESTIMATES

a) KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Estimated loss allowance of receivables

When there is objective evidence of impairment loss, the group takes into consideration the estimation of future cash flows. The amount of the loss allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2019, the carrying amount of trade and other receivables and loan receivables are HK$22,140,000 (net of loss allowance of HK$53,287,000) (2018: carrying amount of HK$95,272,000, net of loss allowance of HK$68,524,000) and HK$393,416,000, net of allowance for expected credit loss of HK$13,236,000 (2018: HK$259,378,000, net of allowance of expected credit loss of HK$Nil), respectively.

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

a) KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

ii) *Fair value of investment properties*

Investment properties are carried in the consolidated statement of financial position at 31 March 2019 at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

The carrying amount of investment properties as at 31 March 2019 was HK$229,192,000 (2018: HK$264,906,000).

iii) *Impairment of goodwill*

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2019 was HK$2,550,000 (2018: HK$4,748,000).

iv) *Fair value of financial assets at fair value through profit or loss/available-for-sale investments*

The fair value of financial assets at fair value through profit or loss/available-for-sale investments were measured using valuation technique based on inputs that can be observed in the market and unobservable inputs such as company specific financial information. The carrying amount of financial assets at fair value through profit or loss as at 31 March 2019 was HK$76,840,000 (2018: available-for-sale investments: HK$61,889,000).

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

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

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

i) Income taxes

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

6. SEGMENT REPORTING

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

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

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

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

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

No reportable operating segment has been aggregated.

a) SEGMENT RESULTS, ASSETS AND LIABILITIES

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

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

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

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

6. SEGMENT REPORTING (Continued)

a) SEGMENT RESULTS, ASSETS AND LIABILITIES (Continued)

All assets are allocated to reportable segments other than financial assets at fair value through profit or loss/available-for-sale investments, property under development and corporate assets. All liabilities are allocated to reportable segments other than deferred tax liabilities, tax payable, unconvertible bonds and corporate liabilities.

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2019 and 2018 is set out below.

	2019				2018			
	Properties investment HK$'000	**Money lending business HK$'000**	**Financial services HK$'000**	**Total HK$'000**	Properties investment HK$'000	Money lending business HK$'000	Financial services HK$'000	Total HK$'000
Revenue from external customers	**9,724**	**38,612**	**3,268**	**51,604**	8,511	42,688	10,561	61,760
Reportable segment revenue	**9,724**	**38,612**	**3,268**	**51,604**	8,511	42,688	10,561	61,760
Reportable segment (loss)/profit before taxation	**(39,632)**	**28,779**	**3,664**	**(7,189)**	(424)	39,658	(18,664)	20,570
Interest income on								
– Bank deposits	**59**	**–**	**1**	**60**	9	–	3	12
– Financial products	**202**	**–**	**–**	**202**	–	–	–	–
Reversal of impairment loss of accounts receivable	**–**	**–**	**16,964**	**16,964**	–	–	–	–
Depreciation and amortisation								
– Plant and equipment	**(1,084)**	**–**	**(219)**	**(1,303)**	(1,125)	–	(218)	(1,343)
– Intangible asset	**–**	**–**	**(2,229)**	**(2,229)**	–	–	(2,229)	(2,229)
Valuation (loss)/gain on investment properties	**(21,296)**	**–**	**–**	**(21,296)**	5,257	–	–	5,257
Loss allowance for accounts receivable	**–**	**–**	**–**	**–**	–	–	(16,964)	(16,964)
Loss allowance for trade receivables	**(2,139)**	**–**	**–**	**(2,139)**	–	–	–	–
Allowance of expected credit loss on loan receivables	**–**	**(7,136)**	**–**	**(7,136)**	–	–	–	–
Impairment loss on goodwill	**–**	**–**	**(2,198)**	**(2,198)**	–	–	–	–
Impairment loss on intangible assets	**–**	**–**	**(2,838)**	**(2,838)**	–	–	–	–
Finance costs	**(3,042)**	**–**	**–**	**(3,042)**	(2,029)	–	–	(2,029)
Reportable segment assets	**257,029**	**404,953**	**23,726**	**685,708**	295,790	269,927	154,758	720,475
Additions to non-current assets during the year	**2,597**	**–**	**–**	**2,597**	17	–	–	17
Reportable segment liabilities	**(84,129)**	**(432)**	**(6,634)**	**(91,195)**	59,899	300	10,724	70,923

6. SEGMENT REPORTING (Continued)

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

	2019 HK$'000	2018 HK$'000
(i) Revenue		
Total reportable segment revenue	**51,604**	61,760
Consolidated revenue	**51,604**	61,760
(ii) (Loss)/profit		
Total reportable segments' (loss)/profit	**(7,189)**	20,570
Unallocated corporate income	**643**	361
Depreciation	**(1,948)**	(2,350)
Interest income	**139**	98
Unallocated finance costs	**(1,000)**	(1,000)
Impairment loss of available-for-sale investments reclassified from equity to profit or loss	**–**	(371,856)
Unallocated corporate expenses	**(58,189)**	(212,946)
Consolidated loss before taxation	**(67,544)**	(567,123)
(iii) Assets		
Reportable segments' assets	**685,708**	720,475
Available-for-sale investments	**–**	48,144
Property under development	**20,136**	20,362
Financial assets at fair value through profit or loss	**76,840**	53,011
Unallocated corporate assets	**33,670**	41,182
Consolidated total assets	**816,354**	883,174
(iv) Liabilities		
Reportable segments' liabilities	**(91,195)**	(70,923)
Unconvertible bonds	**(20,000)**	(20,000)
Unallocated corporate liabilities	**(8,121)**	(9,732)
Consolidated total liabilities	**(119,316)**	(100,655)

6. SEGMENT REPORTING (Continued)

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

(v) Other items

	2019				
	Properties investment HK$'000	**Money lending business HK$'000**	**Financial services HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Interest income					
– bank deposits	**59**	**–**	**1**	**139**	**199**
– financial products	**202**	**–**	**–**	**–**	**202**
Depreciation	**(1,084)**	**–**	**(219)**	**(1,948)**	**(3,251)**
Finance cost	**(3,042)**	**–**	**–**	**(1,000)**	**(4,042)**

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

6. SEGMENT REPORTING (Continued)

c) GEOGRAPHICAL INFORMATION

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

	Revenue from external customers		Non-current assets	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**15,874**	53,249	**11,623**	15,111
PRC	**35,730**	8,511	**231,494**	271,019
Others	**–**	–	**1,903**	2,872
	51,604	61,760	**245,020**	289,002

d) INFORMATION ABOUT MAJOR CUSTOMERS

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

	2019	2018
	HK$'000	HK$'000
Customer A – revenue from money lending business	**8,009**	–
Customer B – revenue from money lending business & financial services	**–**	6,395
	8,009	6,395

7. REVENUE

DISAGGREGATION OF REVENUE

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2019 HK$'000	2018 HK$'000 (Note)
Revenue from contracts with customers within the scope of HKFRS 15		
Rental income from investment properties	**9,724**	8,511
Loan interest income	**38,612**	42,688
Investment management fee income	**–**	30
Commission and fees income on dealing in securities	**454**	1,486
Placing and underwriting commission	**702**	–
Interest income from margin and initial public offer financing	**2,112**	9,045
	51,604	61,760

Note: The group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18.

Revenue from the above enterprises are recognised at point in time. Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 6c.

8. OTHER INCOME AND OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
a) Other income		
Interest income on bank deposits	**199**	110
Interest income on financial products	**202**	–
Total interest income on financial assets	**401**	110
Dividend income	**68**	38
Reversal of loss allowance of accounts receivable (Note i)	**16,964**	–
Recovery of bad debt written off (Note ii)	**1,122**	–
Sundry income	**341**	350
	18,896	498

During the year, the interest income that was derived from financial assets not at fair value through profit or loss amounting to HK$40,923,000 (2018: HK$51,843,000), included interest income on loans and from margin and initial public offer financing in revenue and interest income in other income.

Note i: The reversal of impairment loss of HK$16,964,000 (2018: Nil) was related to accounts receivable from the business of dealing in securities that were considered impaired in prior year. The reversal was a result of full recovery of the outstanding amount.

Note ii: The recovery of bad debt written off of HK$1,122,000 was related to the recovery of other receivables of a subsidiary in PRC which were written off in prior year.

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

	2019 HK$'000	2018 HK$'000
b) Other gains and losses		
Net foreign exchange gain/(loss)	**422**	(1,692)
	422	(1,692)

9. LOSS BEFORE TAXATION

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

	2019 HK$'000	2018 HK$'000
a) Finance costs		
Interest expense on bank borrowings	**3,042**	728
Interest expense on other borrowings	**–**	1,301
Interest expense on unconvertible bonds	**1,000**	1,000
Total interest expense on financial liabilities not at fair value through profit or loss	**4,042**	3,029

9. LOSS BEFORE TAXATION (Continued)

		2019 HK$'000	2018 HK$'000
b)	**Staff costs (including directors' remuneration)**		
	Salaries, wages and other benefits	**27,280**	33,468
	Contribution to defined contribution retirement plans	**827**	888
	Equity-settled share-based payment expenses	**–**	27,392
		28,107	61,748
c)	**Other items**		
	Auditor's remuneration		
	– audit services	**1,824**	1,798
	– other services	**510**	510
	Amortisation of intangible assets, included in cost of sales and services rendered	**2,229**	2,229
	Depreciation	**3,251**	3,693
	Equity-settled share-based payment expenses	**11,995**	–
	Gross rental income from investment properties less direct outgoings of HK$92,000 (2018: HK$264,000)	**(9,632)**	(8,247)
	Operating lease charges: minimum lease payments		
	– rented premises, including directors' quarters of HK$nil (2018: HK$1,019,000)	**9,271**	9,429
	– hire of plant and equipment	**730**	245
d)	**Other expenses**		
	Loss allowance for trade receivables	**2,139**	–
	Loss on dealing of financial assets at fair value through profit or loss	**14,427**	136,190
	Allowance of expected credit loss on loan receivables	**7,136**	–
	Loss allowance for accounts receivable from the business of dealing in securities	**–**	16,964
	Impairment loss of goodwill	**2,198**	–
	Impairment loss of intangible assets	**2,838**	–
		28,738	153,154

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

	2019			
	Fees HK$'000	Salaries and other benefits in kind* HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
Executive directors				
Au Tat On	–	635	18	653
Han Wei *(chief executive)*	–	4,794	87	4,881
	–	5,429	105	5,534
Independent non-executive directors				
Lai Wai Yin	120	–	–	120
Cao Jie Min	120	–	–	120
Liang Kuo-Chieh	120	–	–	120
	360	–	–	360
Total	360	5,429	105	5,894

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

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

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

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

No emoluments have been paid to the directors as an inducement to join or upon joining the group or as compensation for loss of office during the years ended 31 March 2019 and 2018. No director waived or agreed to waive any emoluments during the years ended 31 March 2019 and 2018.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the group, one (2018: two) are directors of the company whose emoluments are included in the disclosure in note 10 above. The emoluments of the remaining four (2018: three) individuals are as follows:

	2019	2018
	HK$'000	HK$'000
Salaries and other emoluments	**10,878**	7,319
Contributions to retirement benefit scheme	**107**	132
Equity-settled share-based payment expenses	**–**	5,203
	10,985	12,654

The emoluments of the four (2018: three) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2019	2018
Nil – HK$1,000,000	**–**	–
HK$1,000,001 – HK$1,500,000	**–**	–
HK$1,500,001 – HK$2,000,000	**1**	–
HK$2,000,001 – HK$2,500,000	**1**	–
HK$2,500,001 – HK$3,000,000	**1**	1
HK$3,000,001 – HK$3,500,000	**–**	–
HK$3,500,001 – HK$4,000,000	**–**	1
HK$4,000,001 – HK$4,500,000	**–**	–
HK$4,500,001 – HK$5,000,000	**1**	–
HK$5,000,001 – HK$5,500,000	**–**	–
HK$5,500,001 – HK$6,000,000	**–**	–
HK$6,000,001 – HK$6,500,000	**–**	1
	4	3

12. INCOME TAX (CREDIT)/EXPENSES

a) Income tax recognised in profit or loss represents:

	2019 HK$'000	2018 HK$'000
Current tax		
Hong Kong Profits Tax	**970**	1,387
Deferred tax		
Origination and reversal of temporary differences	**(6,160)**	946
Income tax (credit)/expenses	**(5,190)**	2,333

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 rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For year ended 31 March 2019, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for the qualifying corporation and the remaining corporations are calculated at a flat rate of 16.5% (2018: 16.5%).

The provision for PRC Enterprise Income Tax ("EIT") is calculated at 25% (2018: 25%) of the estimated assessable profits for the year. No provision for EIT was provided for as the company's subsidiaries operating in the People's Republic of China incurred losses for the years ended 31 March 2019 and 2018.

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

	2019 HK$'000	2018 HK$'000
Loss before taxation	**(67,544)**	(567,123)
Notional tax on loss before taxation, calculated at the tax rates applicable to respective tax jurisdictions	**(12,712)**	(93,891)
Tax effect of non-taxable income	**(911)**	(371)
Tax effect of non-deductible expenses	**5,888**	97,146
Tax effect of temporary differences not recognised	**165**	212
Tax effect of utilisation of tax losses previously not recognised	**(2,638)**	(1,113)
Tax effect of unused tax losses not recognised	**5,038**	380
One-off tax reduction	**(20)**	(30)
Income tax (credit)/expenses	**(5,190)**	2,333

13. DIVIDENDS

The directors did not propose the payment of any dividend for the year ended 31 March 2019 (2018: Nil) in view of the loss for the year.

14. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the company of HK$62,354,000 (2018: HK$569,456,000) and on the weighted average number of 4,857,582,000 ordinary shares in issue during the year (2018: 4,857,582,000 ordinary shares).

Weighted average number of ordinary shares:

	2019	2018
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,857,582**	4,857,582
Effect of deemed issue of shares under the company's share option scheme for nil consideration	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share (note)	**4,857,582**	4,857,582

Note: The potential ordinary shares arising from the assumed conversion of the share options are anti-dilutive at the loss level for the year ended 31 March 2019 and 31 March 2018 and so, have been treated as anti-dilutive for the purpose of calculating diluted loss per share.

DILUTED LOSS PER SHARE

Diluted loss per share equals to basic loss per share because the outstanding share options had an anti-dilutive effect on the basic loss per share for the year ended 31 March 2019 and 31 March 2018.

15. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Motor vessels HK$'000	Total HK$'000
Cost					
At 1 April 2017	2,699	3,524	15,750	2,400	24,373
Additions	–	17	–	–	17
Exchange alignment	176	206	559	104	1,045
At 31 March 2018	2,875	3,747	16,309	2,504	25,435
At 1 April 2018	2,875	3,747	16,309	2,504	25,435
Additions	–	25	–	–	25
Exchange alignment	(117)	(136)	(378)	(84)	(715)
At 31 March 2019	2,758	3,636	15,931	2,420	24,745
Accumulated depreciation					
At 1 April 2017	(852)	(1,365)	(9,171)	(120)	(11,508)
Charge for the year	(1,080)	(502)	(1,610)	(501)	(3,693)
Exchange alignment	(74)	(97)	(310)	(5)	(486)
At 31 March 2018	(2,006)	(1,964)	(11,091)	(626)	(15,687)
At 1 April 2018	(2,006)	(1,964)	(11,091)	(626)	(15,687)
Charge for the year	(587)	(503)	(1,669)	(492)	(3,251)
Exchange alignment	66	71	235	29	401
At 31 March 2019	(2,527)	(2,396)	(12,525)	(1,089)	(18,537)
Carrying amount					
At 31 March 2019	231	1,240	3,406	1,331	6,208
At 31 March 2018	869	1,783	5,218	1,878	9,748

16. INVESTMENT PROPERTIES

	HK$'000
Valuation (Level 3 fair value measurements):	
At 1 April 2017	234,015
Gains on revaluation	5,257
Exchange alignment	25,634
At 31 March 2018	264,906
At 1 April 2018	264,906
Additions	2,588
Losses on revaluation	(21,296)
Exchange alignment	(17,006)
At 31 March 2019	229,192

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

All of the group's investment properties were revalued on 31 March 2019 and 31 March 2018 by Castores Magi (Hong Kong) Limited, an independent firm of professional valuers, who has recognised and relevant professional qualification and recent experience in the location and category of properties being valued. The properties had been revalued on the income capitalisation approach. The group's chief financial officer has discussion with the valuers on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date. The investment properties are leased to third parties under operating leases, further details of which are included in note 33(i) to the financial statements.

The group's investment properties of approximately HK$229,192,000 (2018: approximately HK$175,005,000) were pledged to secure general banking facilities granted to the group (note 27).

16. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF PROPERTIES

i) *Fair value hierarchy*

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

		Fair value measurements as at 31 March 2019 categorised into				Fair value measurements as at 31 March 2018 categorised into		
	Fair value at 31 March 2019 HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	Fair value at 31 March 2018 HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement								
Investment properties:								
– Commercial – PRC	**229,192**	**–**	**–**	**229,192**	264,906	–	–	264,906

During the year ended 31 March 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2018: Nil). The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

16. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF PROPERTIES (Continued)

ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment properties I Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	HK$210 - HK$260 (2018: HK$225 - HK$269)
		Rental growth rate	1% (2018: 1%)
		Market yield	5% (2018: 5%)
Investment properties II Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	HK$111 - HK$231 (2018: HK$124 - HK$231)
		Rental growth rate	1% (2018: 1%)
		Market yield	5% (2018: 5%)

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

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

	2019 HK$'000	2018 HK$'000
Investment properties – Commercial – PRC		
At 1 April	**264,906**	234,015
Additions	**2,588**	–
Valuation (losses)/gains on investment properties	**(21,296)**	5,257
Exchange alignment	**(17,006)**	25,634
At 31 March	**229,192**	264,906

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

17. SUBSIDIARIES

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

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

17. SUBSIDIARIES (Continued)

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

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

* For identification only.

18. INTANGIBLE ASSETS

	Trading rights HK$'000
Cost	
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	11,143
Accumulated amortisation and impairment	
At 1 April 2017	1,813
Charge for the year	2,229
At 31 March 2018	4,042
At 1 April 2018	4,042
Charge for the year	2,229
Impairment for the year	2,838
At 31 March 2019	9,109
Carrying amount	
At 31 March 2019	2,034
At 31 March 2018	7,101

a) TRADING RIGHTS

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

The trading rights have been allocated to the CGUs for impairment testing. The recoverable amount of the CGUs, are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 1% (2018: 1%) for financial services, which do not exceed the long-term average growth rates for the business in which the CGUs operate. The cash flows are discounted using a discount rate of 12.51% (2018: 14.32%) for financial services. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. Based on the results of the impairment tests, the group recognised an impairment of intangible assets of HK$2,838,000. (2018: Nil)

19. GOODWILL

	Financial services HK$'000
Cost	
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	5,469
Accumulated impairment losses	
At 1 April 2017, 31 March 2018 and 1 April 2018	721
Impairment losses	2,198
At 31 March 2019	2,919
Carrying amount	
At 31 March 2019	2,550
At 31 March 2018	4,748

Goodwill is allocated to the following cash-generating unit ("CGU") in the financial services segment as follows:

	2019 HK$'000	2018 HK$'000
Financial services	**2,550**	4,748
At 31 March	**2,550**	4,748

IMPAIRMENT TESTS FOR CASH-GENERATING UNITS CONTAINING GOODWILL

Goodwill acquired through business combinations has been allocated to the CGU for impairment testing. The recoverable amount of the CGU, are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 1% (2018: 1%) for financial services, which do not exceed the long-term average growth rates for the business in which the CGU operate. The cash flows are discounted using a discount rate of 12.51% (2018: 14.32%) for financial services. The discount rates used are pre-tax and reflect specific risks relating to the relevant business. As at 31 March 2018, the cash flow projection and the growth rate of the financial services business has already taken into consideration of the instruction from the SFC to the subsidiary to refrain from providing further margin lending or other form of financial accommodation to clients until it has fully complied with the applicable Code of Conduct requirements, and the assessment of timing of implementing measures required by the SFC to satisfactorily addressing the identified deficiencies and risk concerns and thus not resulting in the SFC taking further action which may include the imposition of conditions on the subsidiary's licence.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. Based on the results of the impairment tests, the group recognised an impairment of goodwill of HK$2,198,000 as at 31 March 2019. (2018: Nil).

20. DEPOSIT FOR ACQUISITION OF PLANT AND EQUIPMENT

	2019 HK$'000	2018 HK$'000
At 1 April	**2,499**	–
Deposit paid	**–**	2,358
Settlement	**(2,338)**	–
Exchange alignment	**(161)**	141
At 31 March	**–**	2,499

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENTS

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March 2019, the group's financial assets at FVTPL include unlisted investments fund, financial product and trading securities with the following details:

	Unlisted investments fund HK$'000	**Financial products** HK$'000	**Trading securities** HK$'000	**Total** HK$'000
Balance at 31 March 2018 under HKAS 39	–	–	53,011	53,011
Impact on initial application of HKFRS 9				
– Reclassify from available-for-sale investments	48,144	13,745	–	61,889
Balance at 1 April 2018 under HKFRS 9	48,144	13,745	53,011	114,900
Maturities	–	(12,860)	–	(12,860)
Loss on fair value change	(2,635)	–	(11,792)	(14,427)
Sale proceeds	–	–	(9,888)	(9,888)
Exchange alignment	–	(885)	–	(885)
Balance at 31 March 2019	45,509	–	31,331	76,840
Analysed for reporting purposes as:				
Current assets	–	–	31,331	31,331
Non-current assets	45,509	–	–	45,509
	45,509	–	31,331	76,840

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENTS (Continued)

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Details of the investments in trading securities were as follows:

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2018	Approx. % shareholding as at 31/3/2018	Market value as at 31/3/2018 HK$'000	Change in no. of share held for the year ended 31/3/2019	No. of share held 31/3/2019	Approx. % shareholding as at 31/3/2019	Market value as at 31/3/2019 HK$'000	Realised gain/(loss) on disposal for the year ended 31/3/2019 HK$'000	Unrealised gain/(loss) on fair value change for the year ended 31/3/2019 HK$'000	Total gain/(loss) on dealing of trading securities for the year ended 31/3/2019 HK$'000
SOHO China Limited	410	Investment in real estate development, property leasing and property management	19,500	0.0004%	80	–	19,500	0.0004%	64	–	(16)	(16)
AMCO United Holding Limited	630	Manufacture and sale of medical devices products and plastic moulding products; provision of construction services; provision of money lending and investment in securities	22,970,000	1.2%	2,481	–	22,970,000	1.2%	2,067	–	(414)	(414)
Unity Investments Holdings Limited	913	Investment in listed companies in Hong Kong stock markets, and also investment in unlisted companies.	26,330,000	1.4%	1,580	–	26,330,000	1.4%	1,369	–	(211)	(211)
China Construction Bank Corporation – H Shares	939	Provision of corporate and personal banking services	125,000	0.0005%	1,008	–	125,000	0.00005%	841	–	(167)	(167)
Milan Station Holdings Limited	1150	Retailing of handbags, fashion accessories and embellishments operation	13,000,000	1.60%	2,600	–	13,000,000	1.60%	1,430	–	(1,170)	(1,170)
Bolina Holding Company Limited*	1190	Manufacture and sale of sanitary ware and accessories	9,116,000	0.7%	820	–	9,116,000	0.7%	–	–	(820)	(820)
Lerado Financial Group Company Limited*	1225	Providing financial services, including securities broking, margin financing and money lending etc., and manufacturing and distributing children plastic toys and medical care products	107,000,000	4.6%	–	–	107,000,000	4.6%	–	–	–	–
AIA Group Limited	1299	Providing insurance services	13,600	0.00011%	903	–	13,600	0.00011%	1,063	–	160	160
Time2U International Holding Limited	1327	Manufacture and sales of own-branded watches, OEM watches and third-party watches	30,000,000	0.9%	1,260	–	30,000,000	0.9%	1,230	–	(30)	(30)
China Kingstone Mining Holdings Limited	1380	Production and sale of marble and marble related products	90,480,000	3.2%	7,057	(90,480,000)	–	–	–	2,831	–	2,831
China Aoyuan Property Group Limited	3883	Property Development, provision consultancy services and hotel ownership	35,000	0.0013%	252	–	35,000	0.0013%	331	–	79	79
Sino Splendid Holdings Limited	8006	Engaged in travel media operations; provision of contents and advertising services in a well-known financial magazine; investment in securities and money lending Business	19,000,000	4.9%	3,914	–	19,000,000	4.9%	3,553	–	(361)	(361)
Hao Wen Holdings Limited	8019	Carrying money lending business, trading and manufacturing of biomass fuel and trading of electronic parts	75,000,000	3.5%	6,900	–	75,000,000	3.5%	3,975	–	(2,925)	(2,925)
KPM Holding Limited	8027	Provision of design, fabrication, installation and maintenance of signage and related products	48,000,000	1.5%	3,312	–	48,000,000	1.5%	1,776	–	(1,536)	(1,536)

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENTS (Continued)

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2018	Approx. % shareholding as at 31/3/2018	Market value as at 31/3/2018 HK$'000	Change in no. of share held for the year ended 31/3/2019	No. of share held 31/3/2019	Approx. % shareholding as at 31/3/2019	Market value as at 31/3/2019 HK$'000	Realised gain/(loss) on disposal for the year ended 31/3/2019 HK$'000	Unrealised gain/(loss) on fair value change for the year ended 31/3/2019 HK$'000	Total gain/(loss) on dealing of trading securities for the year ended 31/3/2019 HK$'000
Luxey International (Holdings) Limited	8041	Manufacturing and trading of high-end swimwear and garment products; trading and provision of on-line shopping and media related services; and money lending business.	61,240,000	1%	6,614	–	61,240,000	1.0%	2,817	–	(3,797)	(3,797)
China 33 Media Group Limited	8087	Provision of advertising services of printed media for railway networks; film and entertainment investment in Hong Kong and the PRC and prepaid card business in Hong Kong.	142,780,000	2.5%	7,139	–	142,780,000	2.5%	4,284	–	(2,855)	(2,855)
Wealth Glory Holdings Limited	8269	Trading of natural resources and commodities; money lending business; investment in coal trading business; development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products; and investment in securities	27,700,000	3.4%	2,853	–	27,700,000	3.4%	2,632	–	(222)	(222)
Asia Grocery Distribution Limited	8413	Food and beverage grocery distribution business	28,250,000	2.4%	4,238	-	28,250,000	2.4%	3,899	–	(339)	(339)
					53,011				31,331	2,831	(14,623)	(11,792)

* Suspend trading

Note:

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

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENTS (Continued)

(b) AVAILABLE-FOR-SALE INVESTMENTS

As at 31 March 2018, the group's available-for-sale investments included unlisted investments fund and financial product with the following details:

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

Note:

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

ii. The amount represents investment in financial products issued by bank with expected return of 5% per annum and will mature within one year. The carrying amount approximated the fair value. These financial products were matured and wholly redeemed on 23 June 2018 and 10 May 2018 respectively.

22. PROPERTY UNDER DEVELOPMENT

	2019 HK$'000	2018 HK$'000
Property under development, at cost		
At 1 April	**20,362**	18,576
Additions	**464**	982
Exchange alignment	**(690)**	804
At 31 March	**20,136**	20,362

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

At 31 March 2019, the property under development are held for resale after property development.

The amount of the property under development expected to be recoverable after more than one year is HK$20,136,000 (2018: HK$20,362,000).

23. TRADE AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**17,720**	14,699
Less: loss allowance (note 23(b)(i))	**(8,149)**	(6,422)
Trade receivables (net)	**9,571**	8,277
Accounts receivable from the business of dealing in securities (note 3)		
Clearing house and cash clients	**451**	40
Secured margin loans	**–**	93,807
Less: loss allowance (note 23(b)(ii))	**–**	(16,964)
Accounts receivable from the business of dealing in securities (net)	**451**	76,883
Interest receivables from money lending business	**11,307**	9,789
Other loan and interest receivables (note 2)	**45,138**	45,138
Less: loss allowance (note 23(b)(iii))	**(45,138)**	(45,138)
Other loan and interest receivables (net)	**–**	–
Other receivables	**811**	323
Financial assets at amortised cost	**22,140**	95,272
Prepayments and deposits	**7,935**	15,400
	30,075	110,672

23. TRADE AND OTHER RECEIVABLES (Continued)

Note:

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

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

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

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

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

   For secured margin loans, as at 31 March 2019 and 31 March 2018, the loans are secured by pledged securities, repayable on demand subsequent to settlement date and bear interest at commercial rates.

   The total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK$Nil as at 31 March 2019 (2018: HK$17,241,000). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the group's discretion to settle any outstanding amount owed by margin clients. Management of the group has assessed the market value of the pledged securities of each individual customer that has margin shortfall as at the end of each reporting period.

   During the year ended 31 March 2019, no accounts receivable was arising from margin clients.

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

23. TRADE AND OTHER RECEIVABLES (Continued)

a) AGEING ANALYSIS

(i) Trade receivable

Trade receivables are net of loss allowance of HK$8,149,000 (2018: HK$6,422,000) with the following ageing analysis presented based on invoice dates:

	2019	2018
	HK$'000	HK$'000
Within 1 month	**–**	32
1 to 3 months	**1,926**	284
3 to 6 months	**905**	1,499
Over 6 months	**6,740**	6,462
	9,571	8,277

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

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

Accounts receivable from the business of dealing in securities are net of loss allowance of HK$Nil (2018: HK$16,964,000) with the following ageing analysis presented based on invoice dates:

	2019	2018
	HK$'000	HK$'000
Within 1 month	**451**	40
1 to 3 months	**–**	11,796
Over 6 months	**–**	65,047
	451	76,883

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

23. TRADE AND OTHER RECEIVABLES (Continued)

a) AGEING ANALYSIS (Continued)

(iii) Interest receivables

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

	2019	2018
	HK$'000	HK$'000
Within 1 month	**8,165**	5,045
1 to 3 months	**3,142**	4,438
3 to 6 months	**–**	306
	11,307	9,789

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

b) IMPAIRMENT OF TRADE RECEIVABLES

i) The movements in the loss allowance in respect of trade receivables

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

	2019	2018
	HK$'000	HK$'000
At 1 April	**6,422**	5,795
Increase in loss allowance recognised in profit or loss during the year	**2,139**	–
Exchange alignment	**(412)**	627
At 31 March	**8,149**	6,422

Note:

1) As at 31 March 2019 and 2018, trade receivables of the group amounting to approximately HK$8,149,000 (2018: HK$6,422,000) were individually determined to be impaired. These individually impaired receivables were outstanding for over 1 year as at the end of the reporting period. The group does not hold any collateral over these balances.

23. TRADE AND OTHER RECEIVABLES (Continued)

b) IMPAIRMENT OF TRADE RECEIVABLES (Continued)

ii) *The movements in the loss allowance in respect of accounts receivable from the business of dealing in securities*

	2019 HK$'000	2018 HK$'000
At 1 April	**16,964**	–
Reversal of loss allowance on accounts receivable	**(16,964)**	–
Provision for the year	**–**	16,964
At 31 March	**–**	16,964

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

iii) *The movements of loss allowance of loan and interest receivables*

	2019 HK$'000	2018 HK$'000
At 1 April and 31 March	**45,138**	45,138

23. TRADE AND OTHER RECEIVABLES (Continued)

c) TRADE RECEIVABLES THAT ARE NOT IMPAIRED

(a) Trade receivables

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

	2019 HK$'000	2018 HK$'000
Neither past due nor impaired	**86**	86
Past due but not impaired		
– Less than 3 months past due	**1,926**	230
– 3 to 6 months past due	**905**	1,499
– Over 6 months past due	**6,654**	6,462
	9,571	8,277

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

Receivables that were past due but not impaired mainly relate to customers and tenants that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group hold rental deposits of HK$2,762,000 (2018: HK$2,580,000) as collateral over the balances related to rent.

23. TRADE AND OTHER RECEIVABLES (Continued)

c) TRADE RECEIVABLES THAT ARE NOT IMPAIRED (Continued)

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

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

	2019	2018
	HK$'000	HK$'000
Neither past due nor impaired	**451**	29,189
Past due but not impaired		
– Less than 3 months past due	**–**	5,804
– Over 6 months past due	**–**	41,890
	451	76,883

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

(c) Interest receivables

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

	2019	2018
	HK$'000	HK$'000
Neither past due nor impaired	**11,307**	5,045
Past due but not impaired		
– Less than 3 months past due	**–**	4,438
– 3 to 6 months past due	**–**	306
	11,307	9,789

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

24. LOAN RECEIVABLES

	2019 HK$'000	2018 HK$'000
Loan receivables arising from:		
– Money lending business	**406,652**	259,378
Less: Allowance for expected credit losses	**(13,236)**	–
	393,416	259,378
Amounts due within one year included under current assets	**83,433**	209,398
Amounts due after one year included under non-current assets	**309,983**	49,980
	393,416	259,378

Notes:

i) During the year ended 31 March 2019, the group lent total amount of HK$406,652,000 to independent third parties. These loan receivables had 24 month loan periods and bore interest at 10% to 18% per annum, and the corresponding interest were expected to be repaid on a quarterly basis. These loan receivables were secured by properties or private equities. The loan receivables with carrying amounts of HK$393,416,000 were secured by properties and private equities with aggregate fair value of approximately HK$1,244,139,000 at 31 March 2019. As at 31 March 2019, all of the fair value of pledged properties or private equities were higher than the corresponding outstanding loans.

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

The movement in the allowance for expected credit losses for loan receivables for the year is as follows:

	HK$'000
Balance at 31 March 2018 under HKAS 39	–
Allowance of expected credit loss	6,108
Exchange alignment	70
Balance at 1 April 2018 under HKFRS 9	6,178
Allowance of expected credit loss	7,136
Exchange alignment	(78)
Balance at 31 March 2019	13,236

Loan receivables are assessed for expected credit losses individually based on historical credit information, collectability, being adjusted by forward-looking information that is available without undue cost. As at 31 March 2019, none of the loan receivables are past due. The allowance of expected credit loss has taken into account the credit quality of the collateral and the financial strength of the borrowers.

24. LOAN RECEIVABLES (Continued)

a) MATURITY PROFILE

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

	2019	2018
	HK$'000	HK$'000
Due within 1 month or on demand	**–**	142,282
Due after 1 month but within 3 months	**–**	19,116
Due after 3 months but within 6 months	**39,000**	–
Due after 6 months but within 12 months	**44,433**	48,000
Due after 12 months	**309,983**	49,980
	393,416	259,378

b) LOAN RECEIVABLES THAT ARE NOT IMPAIRED

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

	2019	2018
	HK$'000	HK$'000
Neither past due nor impaired	**393,416**	117,096
Past due but not impaired		
– Less than 3 months past due	**–**	10,000
– 3 to 6 months past due	**–**	58,000
– Over 6 months past due	**–**	74,282
	393,416	259,378

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

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

25. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) CASH AND CASH EQUIVALENTS COMPRISE:

	2019	2018
	HK$'000	HK$'000
Cash at bank and on hand	**55,903**	88,051
Less: Fixed deposits with maturity of 3 months or more	**(8,523)**	(10,339)
Trust accounts (Note)	**(6,726)**	(16,033)
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**40,654**	61,679

Deposit with banks carry interest at market rates ranging from 0.001% to 1.85% (2018: 0.001% to 1.35%) per annum.

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

25. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Other borrowings HK$'000	Interest-bearing bank borrowings HK$'000 (Note 27)	Unconvertible bonds HK$'000 (Note 29)	Total HK$'000
At 1 April 2018	–	38,110	20,000	58,110
Changes from financing cash flows				
Proceeds from new bank borrowings and other borrowings	–	34,488	–	34,488
Repayment of bank borrowings and other borrowings	–	(2,923)	–	(2,923)
Interest paid	–	(3,042)	(1,000)	(4,042)
Total changes from financing cash flows	–	28,523	(1,000)	27,523
Exchange adjustments	–	(2,440)	–	(2,440)
Other changes:				
Interest expenses	–	3,042	1,000	4,042
Total other changes	–	602	1,000	1,602
At 31 March 2019	–	67,235	20,000	87,235
At 1 April 2017	–	10,148	20,000	30,148
Changes from financing cash flows				
Proceeds from new bank borrowings and other borrowings	14,150	35,966	–	50,116
Repayment of bank borrowings and other borrowings	(14,150)	(10,613)	–	(24,763)
Interest paid	(1,301)	(728)	(1,000)	(3,029)
Total changes from financing cash flows	(1,301)	24,625	(1,000)	22,324
Exchange adjustments	–	2,609	–	2,609
Other changes:				
Interest expenses	1,301	728	1,000	3,029
Total other changes	1,301	3,337	1,000	5,638
At 31 March 2018	–	38,110	20,000	58,110

26. TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Accounts payable from the business of dealing in securities (note a)		
Clearing house	–	101
Margin and cash clients	5,047	8,137
Other payables and accruals	11,479	10,453
Amounts due to directors (note 34)	234	250
Amounts due to related parties (note 34)	35	37
Financial liabilities measured at amortised cost	16,795	18,978
Receipt in advance	–	1,323
Contract liabilities	56	–
Rental deposit received (non-refundable)	2,762	2,580
	19,613	22,881

Notes:

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

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

As at 31 March 2019, included in accounts payable, amounts of HK$5,047,000 (2018: HK$8,137,000) respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities. However, the group currently does not have an enforceable right to offset these accounts payables with the deposits placed.

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

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

	2019 HK$'000	2018 HK$'000
Within 1 month	5,047	8,238

27. INTEREST-BEARING BANK BORROWINGS

At 31 March 2019, the secured bank borrowings were due for repayment as follows:

	2019	2018
	HK$'000	HK$'000
Current liabilities		
Within 1 year or on demand	**5,262**	3,124
Non-current liabilities		
After 1 year but within 2 years	**5,262**	3,124
After 2 years but within 5 years	**29,817**	19,367
After 5 years	**26,894**	12,495
	61,973	34,986
Total	**67,235**	38,110

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

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

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

	2019	2018
Effective interest rates:		
Variable-rate borrowings	**5.88% - 8.5%**	5.88%

At 31 March 2019, the bank borrowings were secured by the investment properties of the group with an aggregate carrying amount of approximately HK$229,192,000 (2018: approximately HK$175,005,000) (see note 16).

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2019 **HK$'000**	2018 HK$'000
Current tax		
Provision for Hong Kong Profits Tax	**432**	300
Provisional tax paid for Hong Kong Profits Tax	**–**	(809)
	432	(509)
Representing:		
Tax recoverable	**–**	(809)
Tax payable	**432**	300
	432	(509)

b) DEFERRED TAX LIABILITIES RECOGNISED

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

	Intangible assets HK$'000	**Revaluation of investment properties** HK$'000	**Total** HK$'000
Deferred tax liabilities arising from:			
At 1 April 2017	1,539	15,160	16,699
Deferred tax (credited)/charged to profit or loss	(368)	1,314	946
Exchange alignment	–	1,719	1,719
At 31 March 2018	1,171	18,193	19,364
At 1 April 2018	**1,171**	**18,193**	**19,364**
Deferred tax credited to profit or loss	**(836)**	**(5,324)**	**(6,160)**
Exchange alignment	**–**	**(1,168)**	**(1,168)**
At 31 March 2019	**335**	**11,701**	**12,036**

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

c) DEFERRED TAX ASSETS NOT RECOGNISED

As at 31 March 2019, the group has unused tax losses arising in Hong Kong of HK$62,956,684 (2018: HK$16,269,168) that are available for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax assets have been recognised in respect of the tax losses due to the unpredictability of future profits streams.

In addition, the group has unused tax losses of RMB27,782,441 (2018: RMB39,893,549) available for offset against future profits that may be carried forward for a period of up to five years for PRC Enterprise Income tax purposes. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

29. UNCONVERTIBLE BONDS

	2019	2018
	HK$'000	HK$'000
Unconvertible bonds		
Non-current portion	**10,000**	20,000
Current portion	**10,000**	–
	20,000	20,000

The amount represented two unconvertible bonds of total HK$20,000,000 (2018: HK$20,000,000) with HK$10,000,000 each. As at 31 March 2019, accrued interest of HK$234,000 (2018: HK$234,000) was included in other payables and accruals. The unconvertible bonds bear interest at 5% per annum on the outstanding aggregate principal amount. The interest is payable in arrears annually on the anniversary of issue date or redemption date. The company may redeem principal amounts of outstanding bonds in whole or in part at any time before the maturity date. The maturity date of the unconvertible bonds are 7 years from their issue date i.e. 7 February 2020 and 4 December 2020 respectively.

30. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each	
	'000	HK$'000
Authorised:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	30,000,000	300,000

		HK$'000
Issued and fully paid:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	4,857,582	48,576

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS

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

During the year ended 31 March 2018, the option vest immediately from the date of grant and then exercisable within a period of 5 years from 11 July 2017 to 10 July 2022 or from 10 October 2017 to 9 October 2022. Each option gives the holder the right to subscribe for one ordinary share in the company and is settled gross in shares.

During the year ended 31 March 2019, the option vest immediately from the date of grant and then exercisable within a period of 5 years from 25 March 2019 to 24 March 2024. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

a) THE TERMS AND CONDITION OF THE GRANT ARE AS FOLLOWS:

Date of grant	Exercisable period	Exercise price	Number of share options
i) Options granted to directors			
10 October 2017	10 October 2017 to 9 October 2022	HK$0.05	97,150,000
ii) Options granted to employees			
11 July 2017	11 July 2017 to 10 July 2022	HK$0.058	80,900,000
10 October 2017	10 October 2017 to 9 October 2022	HK$0.05	388,600,000
iii) Options granted to service providers			
25 March 2019	25 March 2019 to 24 March 2024	HK$0.0304	485,750,000
			1,052,400,000

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

a) THE TERMS AND CONDITION OF THE GRANT ARE AS FOLLOWS: (Continued)

For the year ended 31 March 2019

	Number of share options					
	Outstanding at 1 April 2018	Granted during the year	Outstanding at 31 March 2019	Date of grant of share options*	Exercisable period of share options	Exercise price of share options** HK$
Director and ex-director						
Mr Xu Dong (as ex-director)	48,575,000	–	48,575,000	10-10-2017	10-10-2017 to 9-10-2022	0.05
Mr Han Wei	48,575,000	–	48,575,000	10-10-2017	10-10-2017 to 9-10-2022	0.05
	97,150,000	–	97,150,000			
Employees						
Other employees	80,900,000	–	80,900,000	11-7-2017	11-7-2017 to 10-7-2022	0.058
Other employees	388,600,000	–	388,600,000	10-10-2017	10-10-2017 to 9-10-2022	0.05
	469,500,000	–	469,500,000			
Other eligible participants						
Other service providers	–	485,750,000	485,750,000	25-3-2019	25-3-2019 to 24-3-2024	0.0304
Total number of share options	566,650,000	485,750,000	1,052,400,000			

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

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

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

b) THE NUMBER AND WEIGHTED AVERAGE EXERCISE PRICE OF SHARE OPTIONS UNDER THE SCHEME ARE AS FOLLOWS:

	2019		2018	
	Weighted average exercise price HK$	**Number of shares issuable under options**	Weighted average exercise price HK$	Number of shares issuable under options
Outstanding at 1 April	**0.051**	**566,650,000**	–	–
Granted during the year	**0.0304**	**485,750,000**	0.051	566,650,000
Outstanding at 31 March	**0.042**	**1,052,400,000**	0.051	566,650,000
Exercisable at the end of the year	**0.042**	**1,052,400,000**	0.051	566,650,000

The share option scheme is governed by chapter 17 of the Listing Rules.

The share options outstanding at 31 March 2019 had an exercise price of HK$0.0304, HK$0.05 or HK$0.058 (2018: HK$0.05 or HK$0.058) and a weighted average remaining contractual life of 4.18 years (2018: 4.49 years).

c) Subsequent to the reporting period, 485,750,000 share options were exercised to subscribe for 485,750,000 ordinary shares in the company at a consideration of HK$14,766,800, all of which were credited to share capital after the reporting period.

32. RESERVES

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

The company

	Share premium HK$'000	Contributed surplus HK$'000	Equity settled share-based compensation reserve HK$'000	Exchange fluctuation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	2,064,777	136,012	–	36,089	81,597	(1,033,990)	1,284,485
Change in equity for 2017/2018							
Loss for the year	–	–	–	–	–	(555,047)	(555,047)
Other comprehensive income							
Changes in fair value of available-for-sale investments	–	–	–	–	(453,453)	–	(453,453)
Reclassification adjustments relating to impairment loss of available-for-sale investments	–	–	–	–	371,856	–	371,856
Total comprehensive loss for the year	–	–	–	–	(81,597)	(555,047)	(636,644)
Equity-settled share-based transactions	–	–	27,392	–	–	–	27,392
Total transactions with owners	–	–	27,392	–	–	–	27,392
At 31 March 2018	2,064,777	136,012	27,392	36,089	–	(1,589,037)	675,233
At 1 April 2018	**2,064,777**	**136,012**	**27,392**	**36,089**	**–**	**(1,589,037)**	**675,233**
Change in equity for 2018/2019							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(39,388)**	**(39,388)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(39,388)**	**(39,388)**
Equity-settled share-based transactions	**–**	**–**	**11,995**	**–**	**–**	**–**	**11,995**
Total transactions with owners	**–**	**–**	**11,995**	**–**	**–**	**–**	**11,995**
At 31 March 2019	**2,064,777**	**136,012**	**39,387**	**36,089**	**–**	**(1,628,425)**	**647,840**

32. RESERVES (Continued)

b) NATURE AND PURPOSES OF THE RESERVES

i) Share premium

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

ii) Special reserve

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

iii) Equity settled share-based compensation reserve

The equity settled share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the company and others providing similar services recognised in accordance with the accounting policy adopted for share-based payments in note 2(v)(ii).

iv) Exchange fluctuation reserve

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

v) Investment revaluation reserve

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

vi) Contributed surplus

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

c) DISTRIBUTABILITY OF RESERVES

At 31 March 2019, the aggregate amount of reserves available for distribution to owners of the company was approximately HK$608,453,000 (2018: equivalent to approximately HK$647,841,000) subject to the restriction on the share premium account as stated above.

32. RESERVES (Continued)

d) CAPITAL MANAGEMENT

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

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

During the year ended 31 March 2019, the group's strategy, which was unchanged from 2018, was to maintain a gearing ratio as low as feasible. In order to maintain or adjust the ratio, the group may adjust the amount of dividends paid to the owners, return capital to the owners, issue new shares or sell assets to reduce debt. The gearing ratios at 31 March 2019 and 2018 were as follows:

	2019	2018
	HK$'000	HK$'000
Total borrowings		
Interest-bearing bank borrowings (note 27)	**67,235**	38,110
Unconvertible bonds (note 29)	**20,000**	20,000
Less: Cash and cash equivalents (note 25)	**(40,654)**	(61,679)
Fixed deposits (note 25)	**(8,523)**	(10,339)
Trust accounts (note 25)	**(6,726)**	(16,033)
Adjusted net cash	**31,332**	(29,941)
Total equity	**697,038**	782,519
Gearing ratio	**N/A**	N/A

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

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

33. COMMITMENTS

OPERATING LEASE COMMITMENTS

i) The group as lessor:

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

	2019	2018
	HK$'000	HK$'000
Within one year	**11,915**	15,849
In the second to fifth year, inclusive	**67,246**	24,793
Over five years	**57,991**	37,324
	137,152	77,966

ii) The group as lessee:

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

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

	2019	2018
	HK$'000	HK$'000
Within one year	**4,939**	9,088
In the second to fifth years, inclusive	**8,022**	5,423
Over five years	**1,418**	–
	14,379	14,511

34. MATERIAL RELATED PARTY TRANSACTIONS

a) KEY MANAGEMENT PERSONNEL EMOLUMENTS

Emoluments for key management personnel, including amounts paid to the company's directors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11 are as follows:

	2019	2018
	HK$'000	HK$'000
Short-term employee benefits	**13,872**	19,960
Post-employment benefits	**157**	211
Equity-settled share-based payment expenses	**–**	7,189
	14,029	27,360

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

b) OUTSTANDING BALANCES WITH RELATED PARTIES

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

	2019	2018
	HK$'000	HK$'000
Amounts due to directors (note 26)	**234**	250
Amounts due to related parties (note 26)	**35**	37

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

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

2019

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Trading securities	31,331	–	31,331
Unlisted investments fund	45,509	–	45,509
Financial assets included in trade and other receivables	–	22,140	22,140
Loan receivables	–	393,416	393,416
Fixed deposits	–	8,523	8,523
Cash and bank balances	–	47,380	47,380
	76,840	471,459	548,299

Financial liabilities

	Financial liabilities at amortised cost HK$'000	Total HK$'000
Financial liabilities included in trade and other payables	16,795	16,795
Interest-bearing bank borrowings	67,235	67,235
Unconvertible bonds	20,000	20,000
	104,030	104,030

35. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2018

Financial assets

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

Financial liabilities

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

36. COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Plant and equipment		–	21
Investment in subsidiaries	17	824,759	723,499
Financial assets at fair value through profit or loss		45,509	–
Available-for-sale investments		–	48,144
		870,268	771,664
Current assets			
Deposits and prepayments		795	795
Other receivables		22	22
Financial assets at fair value through profit or loss		396	332
Tax recoverable		–	809
Cash and cash equivalents		13,521	13,276
		14,734	15,234
Current liabilities			
Other payables and accruals		7,786	8,089
Unconvertible bonds		10,000	–
Amount due to a subsidiary		160,800	35,000
		178,586	43,089
Net current liabilities		(163,852)	(27,855)
Total assets less current liabilities		706,416	743,809
Non-current liabilities			
Unconvertible bonds		10,000	20,000
		10,000	20,000
NET ASSETS		696,416	723,809
EQUITY			
Equity attributable to owners of the company			
Share capital	30	48,576	48,576
Reserves	32(a)	647,840	675,233
TOTAL EQUITY		696,416	723,809

37. LITIGATION

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

38. RETIREMENT BENEFITS SCHEME

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

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

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

39. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective For the year ended 31 March 2019 and which have not been early adopted in these financial statements. These include the following which may be relevant to the group.

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 3	Definition of a Business[2]
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 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[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 for annual periods beginning on or after a date to be determined

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

HKFRS 16 LEASES

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

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

39. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019 (Continued)

HKFRS 16 LEASES (Continued)

HKFRS 16 will primarily affect the group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 January 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. 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

The group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019 and will not restate the comparative information. As at 31 March 2019, the group has non-cancellable operating lease commitments of $14,379,000 as disclosed in note 33. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

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 2020 onwards.

40. COMPARATIVE FIGURES

The goup has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations:					
Revenue	**51,604**	61,760	63,345	15,094	11,357
(Loss)/profit before taxation	**(67,544)**	(567,123)	(33,962)	(101,566)	12,597
Income tax credit/(expenses)	**5,190**	(2,333)	(5,772)	5,021	(8,936)
(Loss)/profit for the year from continuing operations	**(62,354)**	(569,456)	(39,734)	(96,545)	3,661
Discontinued operations:					
Profit/(loss) for the year from discontinued operations	**–**	–	23,150	(15,092)	(32,046)
Loss for the year	**(62,354)**	(569,456)	(16,584)	(111,637)	(28,385)

ASSETS AND LIABILITIES

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**816,354**	883,174	1,447,424	914,155	623,388
Total liabilities	**(119,316)**	(100,655)	(67,872)	(91,234)	(124,545)
Net assets	**697,038**	782,519	1,379,552	822,921	498,843

PROPERTIES HELD BY THE GROUP FOR INVESTMENT

As at 31 March 2019

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