China Environmental Energy Investment Limited
中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 986)

2019 ANNUAL REPORT

*For identification purposes only

Contents

This Annual Report, in both English and Chinese versions, is available on the Company's website at www.986.com.hk. Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the "Corporate Communications").

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effective from 11 July 2019.

Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this Annual Report since both languages are bound together into one booklet.

Corporate Information

Executive Directors

Ms. Zhou Yaying *(Chairman)*
Mr. Wei Liang *(Chief Executive Officer)*
Ms. Hong Jingjuan
Mr. Tang Wing Cheung Louis

Independent Non-executive Directors

Mr. Tse Kwong Chan
Mr. Yiu To Wa
Mr. Lau Leong Yuen

Company Secretary

Mr. Chan Kin Ming

Audit Committee

Mr. Yiu To Wa *(Chairman)*
Mr. Tse Kwong Chan
Mr. Lau Leong Yuen

Remuneration Committee

Mr. Tse Kwong Chan *(Chairman)*
Ms. Zhou Yaying
Mr. Lau Leong Yuen

Nomination Committee

Mr. Yiu To Wa *(Chairman)*
Ms. Zhou Yaying
Mr. Tse Kwong Chan

Auditor

CHENG & CHENG LIMITED
4/F., Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

Legal Advisor

H.Y. Leung & Co. LLP Solicitors
22/F., Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Room 910, 9/F., Harbour Centre
25 Harbour Road, Wanchai
Hong Kong

Principal Bankers

China Construction Bank
(Asia) Corporation Limited
Industrial and Commercial Bank of China Limited
CMB Wing Lung Bank Limited

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
(With effect from 11 July 2019)

Website

http://www.986.com.hk

Stock Code

986

Chairman's Statement and Management Discussion & Analysis

I would like to report to the shareholders the annual results of China Environmental Energy Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019.

FINANCIAL REVIEW

For the year ended 31 March 2019, the Group's revenue was approximately HK$137.85 million (2018: approximately HK$35.22 million), representing an increase of approximately HK$102.63 million or 291.41% as compared with last year. The revenue included approximately HK$0.39 million from online products sales, provision of marketing, web design and maintenance services (the "Internet Services") business (2018: approximately HK$3.05 million), approximately HK$129.11 million from design, original equipment manufacturing ("OEM") and marketing of jewelry (the "Design, OEM and Marketing of Jewelry") business (2018: approximately HK$21.36 million), approximately HK$8.08 million from provision of loans as money lending (the "Money Lending") business (2018: approximately HK$10.33 million) and approximately HK$0.27 million from provision of financial advisory, intermediary and asset management services (the "Financial Services") business (2018: approximately HK$0.48 million).

Gross profit was approximately HK$26.87 million (2018: approximately HK$15.76 million), representing an increase of approximately HK$11.11 million or 70.49% as compared with last year. The increase in gross profit was due to the fact that the Group has changed the operation of trading of jewelry business to Design, OEM and Marketing of Jewelry business during the year. Gross profit margin of the Group was decreased from approximately 44.76% to 19.49%.

The decrease in gross profit margin of 2019 as compared with 2018 was due to (a) the combination of revenue and gross profit in different businesses; and (b) low revenue basis in last year. Considering the gross profit of each business, the gross profit is slightly decreased in Design, OEM and Marketing of Jewelry business.

Loss after tax of the Group was approximately HK$51.46 million (2018: approximately HK$337.44 million). The significant decrease of loss after tax was mainly due to, including but not limited to (a) the increase in revenue generated from Design, OEM and Marketing of Jewelry business of approximately HK$107.75 million; (b) the recorded impairment loss on goodwill, available-for-sale investments and receivables of approximately HK$28.84 million, HK$218.44 million and HK$0.17 million, respectively, for the year ended 31 March 2018 whereas the impairments were only made on goodwill, intangible assets and loan and trade receivables of HK$1.38 million, HK$5.73 million and HK$3.53 million, respectively, for the year ended 31 March 2019; (c) the loss on investment which amounted to approximately HK$16.23 million, representing a decrease of approximately HK$52.24 million compared with the figure last year of approximately HK$68.47 million; and (d) the offset of the expenses relating to the share options which were granted to director and employees during the year ended 31 March 2019, including the equity-settled share-based payment expense of approximately HK$10.65 million.

Selling, distribution and administrative expenses were approximately HK$39.40 million (2018: approximately HK$28.67 million), representing an increase of HK$10.73 million or approximately 37.43% as compared with last year due to additional staff cost incurred for Design, OEM and Marketing of Jewelry business. The finance costs of the Group amounted to approximately HK$0.80 million (2018: approximately HK$3.21 million), representing a decrease of approximately 75.08% as compared with last year since some of unconvertible bonds and the promissory notes were settled in last year.

For the year ended 31 March 2019, the Group was principally engaged in the businesses of Internet Services, Design, OEM and Marketing of Jewelry, Money Lending and Financial Services.

FINANCIAL REVIEW (continued)

Internet Services business

During the year under review, the revenue generated from the Internet Services business was approximately HK$0.39 million (2018: approximately HK$3.05 million). Operating loss before tax of approximately HK$0.41 million was made for the year ended 31 March 2019 (2018: operating profit before tax and impairment loss on goodwill of approximately HK$0.42 million). The revenue of the Internet Services business was mainly attributable to the market of Mainland China. The decrease in revenue of approximately 87.20% as compared with last year was due to the unsustainable growth of the market. The Board decided to reallocate the resources of this business to other businesses and the Group will not disclose this business in future.

Design, OEM and Marketing of Jewelry business

During the year under review, the revenue generated from the Design, OEM and Marketing of Jewelry business was approximately HK$129.11 million (2018: approximately HK$21.36 million). Operating profit before tax was approximately HK$13.03 million (2018: operating profit before tax approximately HK$3.10 million). The gross profit margin was slightly decreased from 16.04% to 14.06% due to the change of business model from trading of gold and diamond (the "Original Business Model") to Design, OEM and Marketing of Jewelry (the "New Business Model"). The Original Business Model focused on selling products with lower unit selling price which generate higher gross profit margins (such as melee and loose diamonds). In contrast, the New Business Model focused on selling jewelry products which have higher unit selling price but generate lower gross profit margins (such as in-house designed diamond-set jewelry). The increase in gross profit was due to the increase in revenue generated from Design, OEM and Marketing of Jewelry business. Notwithstanding there was lower profit margin for New Business Model, it generated higher revenue and gross profit and larger base of sales as compared with the Original Business Model.

Alongside the development of the existing business, with the Group' s proposed establishment of retail point, the retail point was established in Tsim Sha Tsui, the tourist area in Hong Kong, in the end of March 2019 to sell brand products of the Group in order to broaden the customer base of the Design, OEM and Marketing of Jewelry business to retail customers.

Money Lending business

The Group has commenced its Money Lending business in Hong Kong through a wholly owned subsidiary, Great Luck Finance Limited ("Great Luck") since March 2016. Great Luck is a company holding a money lender's license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the year under review, Great Luck had made loans to certain borrowers amounting to HK$63.07 million in total at the average interest rate of 10.19% per annum. During the year, interest income from money lending was approximately HK$8.08 million (2018: approximately HK$10.33 million). In view of the increasing demand in money lending in Hong Kong, the Group will proactively expand such business as the Directors believe that it will provide steady interest income for the Group and has been one of the focal businesses of the Group. In addition, the external gross profit of Money Lending business is almost 100% because the funding of loan is from internal resource of the Group.

FINANCIAL REVIEW (continued)

Financial Services business

The Group had commenced its Financial Services business in Hong Kong through a wholly-owned subsidiary, First Fidelity Capital (International) Limited ("FFCI") (formerly known as C.E. Securities and Asset Management Limited ("CE Securities")) since August 2016. FFCI contributed approximately HK$0.27 million to the Group's revenue for the year ended 31 March 2019 (2018: approximately HK$0.48 million). The Financial Services business has incurred the loss before tax and impairment loss on goodwill and intangible assets of approximately HK$8.04 million and HK$7.02 million for the year ended 31 March 2019 and 2018, respectively.

Financial Services business has been in continued loss and the revenue generated therefrom is not substantial. Considering the competition in the Financial Services business has been increased fiercely recently and that the financial resources requirement for operating FFCI is high in order to satisfy the financial resources rules according to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), the Board considers that it is in the interest of the Company to streamline the principal activities of the Group and to focus its resources in pursuing development opportunities on the Design, OEM and Marketing of Jewelry business and Money Lending business in order to strengthen the Group's income stream and maximise return to the shareholders of the Company. On 16 May 2019, the Company has entered into sale and purchase agreements with four purchasers to dispose the Financial Services business and the disposal has been completed on 31 May 2019.

Investment in exploration and exploitation of natural resources

On 21 June 2018, the Company entered into a sale and purchase agreement with Hongkong Dragon Well Co., Limited, a company incorporated in Hong Kong, which is a third party independent of the Company, in relation to the disposal of approximately 23.53% of the entire issued share capital of Pure Power Holdings Limited ("Pure Power") owned by the Company at consideration of HK$106 million (the "Disposal I"). At the end of the reporting period, the Disposal I did not yet complete and is classified as assets held for sale in the consolidated statement of financial position and has ceased to be classified as an associate.

On 28 February 2019, the Company entered into a sale and purchase agreement with a merchant, who is a third party independent of the Company, in relation to the disposal of approximately 25.88% of the entire issued share capital of Pure Power owned by the Company at consideration of HK$80 million (the "Disposal II"). At the end of the reporting period, the Disposal II did not yet complete and is classified as assets held for sale in the consolidated statement of financial position and has ceased to be classified as an associate.

During the year under review, the Group shared the loss of an associate of approximately HK$1.68 million (2018: approximately HK$2.83 million) before Pure Power being classified as assets held for sale.

SIGNIFICANT INVESTMENTS

As at 31 March 2019, the fair value of the equity investment fund was approximately HK$40.34 million (31 March 2018: HK$59.04 million).

The Group will continue to adopt a diversified investment strategy and monitor the performance of the Group's investments with reference to the advice from investment professionals to achieve better shareholders' return.

MATERIAL ACQUISITION AND DISPOSAL

Save as the Disposal I and Disposal II disclosed in the heading "Investment in exploration and exploitation of natural resources" of this section, the Company did not have any significant acquisition and disposal during the year ended 31 March 2019.

OUTLOOK

The Directors will continue to enhance the Group's businesses through review of its existing business portfolio from time to time and also seek suitable investment opportunities in the long run so as to broaden the source of income of the Group and diversify the Group's business portfolio on an on-going basis.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group's net current assets were approximately HK$188.20 million (31 March 2018: net current liabilities of approximately HK$2.60 million), including cash and cash equivalents of approximately HK$12.53 million (31 March 2018: HK$5.54 million). Total interest-bearing borrowings amounted to approximately HK$15.15 million as at 31 March 2019 (31 March 2018: approximately HK$11.80 million). The Group's gearing ratio, which was net debt divided by total equity plus net debt, as at 31 March 2019 was 0.95% (31 March 2018: 1.89%).

SHARE CAPITAL AND CAPITAL STRUCTURE

On 3 July 2018, the Company granted 43,713,860 share options under the share option scheme of the Company, of which 4,371,386 share options were granted to the director of the Company and 39,342,474 share options were granted to employees. And on 5 March 2019, the Company granted 56,785,250 share options to employees under the share option scheme of the Company. A total of 43,713,860 new shares of the Company were issued and allotted upon exercise of share options granted under the Company's share option scheme.

As a result, the number of shares of the Company in issue increased from 524,138,640 as at 1 April 2018 to 567,852,500 as at 31 March 2019.

Save as disclosed above, there was no other change in the share capital and capital structure of the Company during the year ended 31 March 2019.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and Mainland China. Most transactions, assets and liabilities are denominated in Hong Kong Dollars, United States dollars ("USD") and Renminbi. As Hong Kong dollars are pegged to USD, the management does not expect that the Group has significant foreign exchange exposure to USD. During the year ended 31 March 2019, the Group did not enter into any derivative contracts aimed at minimising exchange rate risks, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate times.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 31 March 2019 and 2018.

PLEDGE OF ASSETS

The Group did not have any pledge on its assets as at 31 March 2019 and 2018.

DIVIDEND

No dividend for the year ended 31 March 2019 (2018: Nil) is recommended by the Board.

EVENTS AFTER THE REPORTING PERIOD

On 16 May 2019, the Company has entered into sale and purchase agreements with four purchasers to dispose the entire issued share capital of Maiden Faith Capital Group Limited (formerly known as GOLD CASTLE GROUP LIMITED), a holding company of FFCI at consideration of HK$14.35 million and the disposal has been completed on 31 May 2019.

EMPLOYMENT AND REMUNERATION POLICY

During the year under review, the Group continued to strengthen its staff quality through staff development and training programmes. The Group had 57 employees as at 31 March 2019 (2018: 27). Remunerations are commensurate with the nature of job, staff experience and market conditions.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to all management and staff for their diligence and continuing support.

ON BEHALF OF THE BOARD

Ms. Zhou Yaying
Chairman

Hong Kong, 28 June 2019

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate governance in maintaining its corporate transparency and accountability. The Board sets appropriate policies and implements corporate governance practices in accordance with the needs of the Group's business.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

In the opinion of the Board, during the year ended 31 March 2019, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.2.1 and A.4.1. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decisions and performances in the attainment of the objectives of ensuring effective functioning and growth of the Group and enhancing value to investors. All the directors carry out their duties in good faith and act in the interests of the Group.

All directors have timely access to all relevant information as well as the advices and services of the Company Secretary and management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Executive Committee and the management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the management to discharge its responsibilities.

A. THE BOARD (continued)

A2. Board Composition

The Board currently comprises the following directors:

Executive directors:

Ms. Zhou Yaying *(Chairman of the Board, member of the Executive Committee, Remuneration Committee and Nomination Committee)*
Mr. Wei Liang *(Chief Executive Officer and member of the Executive Committee)*
Ms. Hong Jingjuan *(Member of the Executive Committee)*
Mr. Tang Wing Cheung Louis *(Member of the Executive Committee)*

Independent non-executive directors:

Mr. Yiu To Wa *(Chairman of both the Audit Committee and Nomination Committee)*
Mr. Tse Kwong Chan *(Chairman of the Remuneration Committee, member of the Audit Committee and Nomination Committee)*
Mr. Lau Leong Yuen *(Member of the Audit Committee and Remuneration Committee)*

Throughout the year ended 31 March 2019, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having at least three independent non-executive directors (representing at least one third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. The independent non-executive directors bring different business and financial expertise, experience and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participating in Board meetings and taking the lead in managing issues involving potential conflict of interests, the independent non-executive directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company also recognises and embraces the benefits of having a diverse Board to enhance 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, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

The biographical details of the directors of the Company are set out under the section headed "Brief Biographical Details in respect of Directors and Senior Management" in this annual report. None of the members of the Board is related to one another.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in light of the independence guidelines set out in the Listing Rules.

A. THE BOARD (continued)

A3. Chairman and Chief Executive

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

During the period from 1 April 2018 to 2 May 2018, Ms. Xie Yan ("Ms. Xie") has held the positions of Chairman and Chief Executive Officer of the Company until 25 May 2018 and 2 May 2018, respectively, and Ms. Xie resigned on 25 May 2018. Ms. Xie has extensive experience in management experience. The Board believes that it is in the interests of the Group to have an executive Chairman with in-depth management experiences to guide discussion among Board members on the Group's development and planning, as well as to execute business strategies of the Group.

On 26 April 2018, the Company appointed Ms. Zhou Yaying ("Ms. Zhou") as an executive Director and member of the Remuneration Committee and Nomination Committee. Following the resignation of Ms. Xie, Ms. Zhou has been re-designated as the Chairman of the Board on 25 May 2018. On 2 May 2018, the Company appointed Mr. Wei Liang ("Mr. Wei") as an executive Director and Mr. Wei has been appointed as the Chief Executive Officer on that day.

Therefore, the Company has complied with the provision of Code A.2.1 as from the date of 2 May 2018.

A. THE BOARD (continued)

A4. Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws (the "Bye-laws"). According to the Bye-laws, one-third of the directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting provided that every director shall be subject to retirement at an annual general meeting at least once every three years. In addition, any new director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting after appointment. The retiring directors are eligible for re-election by the shareholders at the respective general meetings.

Code provision A.4.1 of the CG Code stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. An independent non-executive director of the Company, namely Mr. Tse Kwong Chan, is not appointed for a specific term. However, all of the Company's independent non-executive directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Bye-laws provisions as mentioned above. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

A5. Induction and Continuing Development for Directors

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant legal and regulatory requirements.

All the directors understood the importance of continuous professional development and were committed to participating in any suitable training or reading relevant materials in order to maintain and enhance their knowledge and skills. They are continually updated with legal and regulatory developments, and the business and market changes to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to directors from time to time for their studying and reference.

During the year ended 31 March 2019, pursuant to code provision A.6.5 of the CG Code, all directors (being Ms. Zhou Yaying, Mr. Wei Liang, Mr. Tang Wing Cheung Louis, Ms. Hong Jingjuan, Ms. Xie Yan (resigned on 25 May 2018), Mr. Wong Chun Hung (resigned on 25 May 2018), Mr. Yiu To Wa, Mr. Lau Leong Yuen and Mr. Tse Kwong Chan) received regular briefings and updates from the Company Secretary on the Group's business, operations and corporate governance and compliance matters; and read publications, journals, books and other reading materials in relation to regulatory updates, financial reporting and corporate management. All Directors confirmed that they have complied with the CG code provision A.6.5.

A. THE BOARD (continued)

A6. Directors' Attendance Records

The attendance records of each director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2019 are set out below:

	Attendance/Number of Meetings					
Name of Director	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**	**Special General Meeting**
Executive directors:						
Ms. Zhou Yaying (Note i)	19/19	N/A	1/1	2/2	1/1	1/1
Mr. Wei Liang (Note ii)	13/18	N/A	N/A	N/A	1/1	0/1
Ms. Hong Jingjuan	22/22	N/A	N/A	N/A	1/1	1/1
Mr. Tang Wing Cheung Louis (Note iii)	17/18	N/A	N/A	N/A	1/1	1/1
Ms. Xie Yan (Note iv)	4/4	N/A	1/1	1/2	N/A	N/A
Mr. Wong Chun Hung (Note v)	3/3	N/A	N/A	N/A	N/A	N/A
Independent non-executive directors:						
Mr. Tse Kwong Chan	17/22	2/2	2/2	4/4	1/1	1/1
Mr. Yiu To Wa	20/22	2/2	N/A	4/4	1/1	0/1
Mr. Lau Leong Yuen	20/22	2/2	2/2	N/A	1/1	1/1

Note:

i. Appointed on 26 April 2018.

ii. Appointed on 2 May 2018.

iii. Appointed on 25 May 2018.

iv. Resigned on 25 May 2018.

v. Appointed on 11 April 2018 and resigned on 25 May 2018.

In addition, the Chairman of the Board held a meeting with the independent non-executive directors without the presence of executive directors during the year under review.

A. THE BOARD (continued)

A7. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code"). Having made specific enquiry of all the Company's directors, they confirmed that they have complied with the required standard set out in the Own Code throughout the year ended 31 March 2019.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Where the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

A8. Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

During the year under review, the Board has performed corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices, (ii) reviewed and monitored the training and continuous professional development of the directors and management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Own Code and the Employees Written Guidelines, and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

A9. Directors' Insurance

The Company has arranged appropriate insurance cover in respect of the legal action against the directors.

A10. Board Diversity Policy

The Board adopted a board diversity policy which aims to set out the approach to achieve diversity on the Board. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender appropriate for the requirements of the business development of the Group.

B. BOARD COMMITTEES

The Board has four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (except for the written terms of reference of the Executive Committee which is available to shareholders upon request). All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. Executive Committee

The Executive Committee currently comprises all the executive directors of the Company with the Chairman of the Board, Ms. Zhou Yaying, acting as the chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B2. Remuneration Committee

The Remuneration Committee currently comprises a total of three members, being Ms. Zhou Yaying, the Company's executive director, Mr. Tse Kwong Chan and Mr. Lau Leong Yuen, the Company's independent non-executive directors. The majority of the Remuneration Committee members are independent non-executive directors. The chairman of the Remuneration Committee is Mr. Tse Kwong Chan.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure, the remuneration packages of executive directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted) and the remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the year under review, the Remuneration Committee has performed the following major works: reviewed the remuneration policy and structure of the Group and made recommendation to the Board; reviewed the remuneration packages of the directors and management; considered and recommended to the Board on the remuneration package for Ms. Zhou Yaying, Mr. Wei Liang, Mr. Tang Wing Cheung Louis and Mr. Wong Chun Hung upon their appointment as an executive director of the Company.

B. BOARD COMMITTEES (continued)

B2. Remuneration Committee (continued)

The attendance records of each Committee member at the two Remuneration Committee meetings held during the year ended 31 March 2019 are set out in section A6 above.

Details of the remuneration of each director of the Company for the year ended 31 March 2019 are set out in Note 11 to the consolidated financial statements contained in this annual report.

B3. Audit Committee

The Audit Committee currently comprises a total of three members, being the three existing independent non-executive directors, namely Mr. Yiu To Wa, Mr. Tse Kwong Chan and Mr. Lau Leong Yuen. The chairman of the Audit Committee is Mr. Yiu To Wa. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year under review, the Audit Committee has performed the following major works:

– Reviewed and discussed the annual financial statements, results announcement and report for the year ended 31 March 2018, the related accounting principles and practices adopted by the Group and the relevant audit findings, and the major audit issues reported by the auditor before submission to the Board.

– Reviewed and discussed the interim financial statements, results announcement and report for the six months ended 30 September 2018, and the related accounting principles and practices adopted by the Group.

– Reviewed the relationship with the external auditor by reference to the work performed by the auditor, audit fees and terms of engagement, and make recommendation to the Board on the re-appointment of external auditor.

– Reviewed the internal control and risk management matters and internal audit function of the Group, and made recommendation to the Board.

The attendance records of each Committee member at the two Audit Committee meetings held during the year ended 31 March 2019 are set out in section A6 above.

B. BOARD COMMITTEES (continued)

B3. Audit Committee (continued)

The Audit Committee met regularly with the Company's external auditor to discuss issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

B4. Nomination Committee

The Nomination Committee currently comprises a total of three members, being Ms. Zhou Yaying, the Company's executive director, Mr. Yiu To Wa and Mr. Tse Kwong Chan, the Company's independent non-executive directors. The majority of the Nomination Committee members are independent non-executive directors. The chairman of the Nomination Committee is Mr. Yiu To Wa.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular, the Chairman and the Chief Executive Officer of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to carry out his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

During the year under review, the Nomination Committee has performed the following major works: (i) reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; (ii) made recommendation to the Board on the re-election of the retiring directors at the 2018 annual general meeting; (iii) assessed the independence of all the Company's independent non-executive directors; and (iv) considered and made recommendation to the Board on the appointment of Ms. Zhou Yaying, Mr. Wei Liang, Mr. Tang Wing Cheung Louis and Mr. Wong Chun Hung as executive directors of the Company.

The attendance records of each Committee member at the four Nomination Committee meetings held during the year ended 31 March 2019 are set out in section A6 above.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2019.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management forms part of management's core responsibility and is an integral part of the internal control of the Group.

The Board acknowledges its responsibility for risk management and internal control systems to safeguard the Group's assets and stakeholders' interests, as well as to provide reliable financial information for internal and external use together with compliance of applicable laws, rules and regulations. The Board also acknowledges its responsibility for reviewing the effectiveness of such systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management framework

The Group's risk management and internal control systems are designed to manage and mitigate risks, rather than eliminate risks. Risk assessment and internal control management is a critical focus for all levels, including but not limit to financial, operational and compliance controls.

The Group's risk management framework and principles are applied through a hybrid of top-down and bottom-up processes. The top-down risk assessment process captures management's perspective of risks across strategic horizons, while the bottom-up process involves the identification of risks at all operating and supporting functions areas. Results from the two risk assessments are consolidated to give a broader understanding of the Group's consolidated risk profile.

Risk management process

The risk management and internal control process involves identification, assessment, internal control, mitigation and monitoring as follows:

1. Identification

It identifies the potential risks or opportunities that may arise.

D. RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

Risk management process (continued)

2. Assessment

It follows events identification and precedes risk response. Its purpose is to assess how the risks are, both individually and collectively, in order to draw management's attention to the most important threats and opportunities, and to lay the groundwork for risk response.

3. Internal control

It is decided on a course of action to address the risks identified, to ensure that an issue may not be developed, where the potential threat is realised. The Group's internal control system includes policies and procedures covering compliance controls, project development, business control, financial reporting, budgeting and human resources system to enhance the risk awareness culture as well as the effectiveness in handling risks that have been identified and assessed.

4. Mitigation and monitoring

Mitigation and monitoring processes ensure appropriate risk responses and controls are in place, and are reviewed yearly by the Board and Audit Committee.

All levels of management work together to maintain and improve risk management and internal control framework that lowers risks to an acceptance level and assist the Group in achieving its goals and objectives.

Review of risk management & internal control systems

The Group also engaged external consultants to carry out an annual independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational and compliance controls together with recommendations submitted to the Audit Committee for their consideration in order to improve the effectiveness of the systems.

The Board, through its review and the review made by risk management and internal control function and Audit Committee of the Company, concluded that the risk management and internal control systems for the year ended 31 March 2019 were effective and adequate, covering the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions.

Regarding the handling and dissemination of inside information, the Group has practice policy in place.

E. COMPANY SECRETARY

The Company Secretary has complied with Rule 3.29 of the Listing Rules by taking relevant professional training during the year under review.

F. DIVIDEND POLICY

The Company in general meeting may from time to time declare dividends in any currency to be paid to the shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board and the Board may from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the profits of the Company, in accordance with the provision of the memorandum of association and Bye-laws of the Company and the Companies Act 1981 of Bermuda (as amended from time to time) (the "Companies Act 1981").

In accordance with the applicable requirements of the Bye-laws and the Companies Act 1981, the Company shall not declare or pay a dividend, or make a distribution out of profits available for distribution if:

(a) it would render the Company unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby become less than its liabilities.

In addition to cash, dividends may be distributed in the form of shares. The Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient.

In respect of any dividend that the Board or the Company in general meeting has resolved that such to be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

(a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment; or

(b) that the shareholders entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

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

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

(b) the shareholders' interests;

F. DIVIDEND POLICY (continued)

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

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

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

(f) statutory and regulatory restrictions;

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

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

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

G. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 March 2019 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to CHENG & CHENG LIMITED, the Company's external auditor, in respect of audit services and non-audit services for the year ended 31 March 2019 are analysed below:

Type of services provided by the external auditor	**Fees paid/payable**
	HK$
Audit services	720,000
Non-audit services	310,000
	1,030,000

H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make the best investment decision.

The Company maintains a website at www.986.com.hk, as a communication platform with shareholders and investors, where information and updates on the Company's financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Room 910, 9/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong
Fax no.: (852) 2536 0289

Inquiries are dealt with in an informative and timely manner.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

I. SHAREHOLDER RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene a special general meeting or put forward proposals at shareholders' meetings pursuant to the Companies Act 1981 of Bermuda and the Bye-laws as follows:

(1) Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting pursuant to Bye-law 58 of the Bye-laws by sending a written requisition to the Board or the Company Secretary at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(2) Shareholder(s) representing not less than one-twentieth of the total voting rights at the date of the requisition or not less than 100 shareholders may put forward a proposal at a shareholders' meeting, pursuant to the Companies Act 1981 of Bermuda, by sending a written requisition to the Board or the Company Secretary at the Company's registered office/principal place of business in Hong Kong. The proposal should be stated in the written requisition and such written requisition should be submitted as early as practicable to enable the Company to make necessary arrangement (in case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in case of any other requisition, not less than one week before the meeting).

I. SHAREHOLDER RIGHTS (continued)

(3) If a shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's principal place of business in Hong Kong, or the office of the Company's branch share registrar at least 7 days prior to the date of the general meeting. Where the notices are submitted after the dispatch of the notice of the general meeting, the period for lodgement of such notices should commence on the day after the dispatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholder(s) must provide their full name, contact details and identification, in the original signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law.

During the year under review, the Company has not made any changes to the Bye-laws. An up-to-date version of the Bye-laws is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Bye-laws for further details of their rights.

All resolutions put forward at shareholders' meetings of listed issuers shall be voted by poll pursuant to the Listing Rules. The poll voting results shall be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.986.com.hk) after a shareholders' meeting.

Environmental, Social and Governance Report

PREPARATION BASIS AND SCOPE

As a company based and operating in Hong Kong, the Group is fully committed to environment protection and being socially responsible by equipping itself with the strictest corporate governance. In pursuant to the requirements of the *Environmental, Social and Governance Reporting Guide ("Environmental, Social and Governance Guide")* in Appendix 27 of the Rules Governing the Listing of Securities from the Stock Exchange of Hong Kong Limited, the Group has prepared the *2018-2019 Environmental Social and Governance Report* (thereafter "ESG Report"), covering business segments throughout the Group.

The scope of this report will cover the Group's initiatives on introducing the concept of ESG to its internal and external stakeholders, putting them into practices to its daily operations and disclosing results as a year-end summary. It is also the intention of its management to provide an overview of the Group's direction in managing ESG-related issues, driving for ESG initiatives throughout the Group, and communicating its ESG performance result with its stakeholders.

In this year's report, the Group have included the disclosure of additional environmental key performance indicators (KPIs), presenting figures associated with air emissions, waste management, as well as its overall carbon footprint. The Group looks forward to continuously improve its ESG disclosures to provide a transparent overview of the its ESG performance for management and stakeholders alike.

REPORTING BOUNDARY & PERIOD

The reporting boundary shall cover the Group's operation activities throughout the Group, and the reporting period of this report shall cover the date from 1 April 2018 to 31 March 2019.

ABOUT US

The Group is principally engaged in Internet Services, Design, OEM and Marketing of Jewellery, Money Lending, and Financial Services. The Group will continue to proactively identify suitable profitable investment opportunities in the future, and aim to broaden its revenue streams and diversify its business portfolio.

STAKEHOLDER ENGAGEMENT

The Group highly values its relationship with customers and suppliers, and it strives to achieve corporate sustainability by providing its customers with the best products, and welcoming comments for improvement from all stakeholders. The below table presents key stakeholders of the Group as well as how the Group communicate with them through a variety of engagement channels during the year.

Stakeholders	Expectations and Concerns	Engagement Channels
Internal Stakeholders		
Board Directors	• Financial performance • Operational sustainability	• Internal announcements and publications
Management	• Health and safety of working environment • Operational sustainability	• Internal announcements and publications • Direct email
Employees	• Staff salary and benefits • Health and safety of working environment • Training and development	• Training • Performance Review and Interviews • Internal announcements and publications • Suggestion Boxes
External Stakeholders		
Customers	• Quality of products and services	• After-sales services • Feedback forms
Government/ Regulatory Authorities	• Compliance with regulations	• Regular communication with authorities • Press Releases and Announcements
Media	• Corporate Responsibility • Compliance with regulations	• Press Releases and announcements • Interviews
Shareholders	• Corporate governance • Return on investments	• Annual General Meetings • Annual and Interim Reports • Press Releases and Announcements
Community	• Community involvement	• Community activities

STAKEHOLDER ENGAGEMENT (continued)

The Group engaged and commissioned a professional firm on drafting the ESG report, and the firm conducted a materiality analysis in the form of a management interview during the drafting process. Particular sustainability related issues, which are material to the Group, were identified during the process, and the results are disclosed in later sections of this ESG report.

Since the business operations of the Group affect multiple stakeholders, stakeholder expectations on the Group may vary. To enhance the materiality analysis, the Group will continue to expand stakeholder engagement to collect a diverse range of stakeholders' views through various channels. At the same time, the Group will work towards further advancing the reporting principles of quantitative, balance and consistency, in order to continuously improve on the presentation of the Group's ESG performance and to better align its ESG strategy with stakeholder expectations.

ENVIRONMENT

As a business, the Group aims to generate revenue for its shareholders and provide the best products and services to its clients. However, the Group also recognises the importance of environmental protection as we are aware that the threat of climate change may potentially have financial impact on its operations, such as possible tightening of regulations with respect to waste generation and emissions, which may lead to substantial increases in operating costs.

As the majority of the Group's business activities is providing online and financial services to its clients, and thus the Group did not pose significant impact to the environment. However, the Group's senior management actively seeks for opportunities to contribute towards environmental protection, and its offices are advised to minimize their impacts to the local environment as much as possible (e.g. consumption of natural resources and electricity).

The Group's business activities take place mainly within the HKSAR boundary, and environmental issues identified by the Group's involvements during this reporting period mainly include consumption of electricity, water and papers. Production-related air, water, or land pollutions, which are regulated under Hong Kong laws and regulations, are generally not applicable to the Group's business and no material impact in these aspects were identified from its operations. In addition, the Group's internal environmental protection awareness programme consistently reminds and encourages its employees, and to its clients, to improve on environmental performance all together.

Use of Resources

As an environmentally-friendly company, the Group actively promotes the culture of "Green Office" to its staff, and particularly on efficient electricity and water consumption as its primary focal points.

The Group understands that a fair amount of natural resources is consumed during its operation, leading to possible impacts to the environment. With this in mind, the Group remains cautious about its consumption, especially with respect to electricity and water, to conserve the environment and to minimize its consumption footprint.

Energy conservation initiatives were successfully implemented in the Group's offices throughout the year, and Green Tips were provided to its employees as constant reminders for responsible use of natural resources.

ENVIRONMENT (continued)

Use of Resources (continued)

Notices on energy saving were issued to raise the awareness of the Group's staff on energy conservation, whereas tips such as the followings were advised:

- Adjust air conditioners' temperature to 25.5˚C;
- Switch off all electronic devices during lunch hours and when leaving office;
- Use stairs instead of lifts when possible; and
- Set computers on energy saving modes.

In addition to the Group's efforts on energy conservation, it also worked with its employees on water conservation measures. Since water is supplied through the landlord, detailed water usage statistics for the Group was not available. Nevertheless, the Group have made great effort to post reminders within its offices to preach water conservation practices, including:

- Control water flow at the tap to avoid over usage;
- Turn off tap when applying soap; and
- Perform regular maintenance on water taps.

Air Emission

The Group examined the issue of air emission associated with its operations. Due to its business nature, the main source of air emission from the Group is the use of motor vehicles, which consumes petrol and diesel as fuel source. This results in certain amounts of air emissions, in the form of nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM).

Estimated based on the Group's fuel consumption figures, the total air emissions from the Group's activities during the reporting period includes 7.3 kg of nitrogen oxides (NO_x), 0.2kg of sulphur oxides (SO_x) and 0.5 kg of particulate matter (PM).The Group will continue monitoring its daily activities and control its air emissions. The Group will disclose further information in the future as changes occur.

Greenhouse Gas Emissions

As discussed in the previous ESG reports, the Group is actively measuring its greenhouse gas emissions, in effort to reduce its overall carbon footprint. Greenhouse gases are gaseous substances which have the ability to absorb and re-emit infrared radiation when released into the atmosphere, which intensifies the greenhouse effect. Examples of greenhouse gases include carbon dioxide, methane, nitrous oxide, chlorofluorocarbons (CFCs), hydrofluorocarbons (HCFCs), perfluorocarbons and sulphur hexafluoride. Greenhouse gas emissions, also referred to as carbon footprint, are commonly presented in the form of metric tons of equivalent carbon dioxide (CO_2e), which takes into account the aggregate contribution from the emissions of the various greenhouse gases.

ENVIRONMENT (continued)

Greenhouse Gas Emissions (continued)

As a first step, the Group estimated its annual carbon footprint for this reporting year. Data such as electricity consumption and associated emission factors were utilized for the assessment (carbon intensity factors for correlating electricity consumption with equivalent greenhouse gas emissions are available on the electricity bill and the Sustainability Report from the electricity provider respectively). With this information available to us, the Group looks to further investigate and work with its employees and external stakeholders on enhancing its overall performance and minimize its future carbon footprint. Further information and progress will be disclosed in the future ESG reports.

As a summary, the Carbon Footprint for the Group in this reporting year was 527 tCO_2e.

Waste Management

As the services offered by the Group is mainly in the context of client services, the Group is not involved with generating any form of hazardous waste, and as a socially responsible corporation, the Group is still cautious on managing the limited daily operation waste. The Group's employees are often reminded to be careful during daily operation to limit waste generation. Waste reduction measures promoted in the Group's workplaces throughout its operations include paper recycling and the appropriate use of recycled paper. Other promoted waste reduction initiatives include:

- Use of electronic communication channels for information sharing;
- Adopt to double-sided printing and photocopying;
- Reuse paper that are used on one side for drafting, photocopying and fax deliveries;
- Utilise paper by adjusting document's margins, font size and printer settings;
- Avoid using paper cups.

The Green Tips provided to the Group's staff members streamlines with its waste reduction initiatives with its daily operation to improve their effectiveness and ultimately reduce its waste generation (to communicate on e-platform, or to utilize handkerchief or hand dryers for the reduction on tissue or paper towel). The effort was well received and was supported by the Group's staff.

As a summary, the Group consumed 208 kg of paper and generated an estimated total of 356 kg of non-hazardous daily operation waste in the reporting period.

ENVIRONMENT (continued)

Summary

The consolidated data on key performance indicators (KPIs) regarding emissions and resource consumption by the Group from its activities during the reporting period is summarized below.

Environmental KPIs		
Category	**Unit**	**2018-2019**
Energy Consumption		
Total Energy Consumption	GJ	527
Petrol Consumption	GJ (L)	440 (12,714)
Charcoal Consumption	GJ (kg)	41 (1,369)
Electricity Consumption	GJ (kWh)	46 (12,854)
Total Consumption Intensity	GJ/million HKD revenue	3.82
Greenhouse Gas Emissions		
Total Greenhouse Gas (GHG) Emissions	tCO_2e	54.4
Scope 1 – Direct Emissions	tCO_2e	41.9
Carbon Dioxide (CO_2) Emissions	T	37.3
Methane (CH_4) Emissions	kg	10.8
Nitrous Oxide (N_2O) Emissions	kg	14.1
Scope 2 – Energy Indirect Emissions	tCO_2e	10.2
Scope 3 – Other Indirect Emissions	tCO_2e	2.4
Paper Waste Disposed At Landfills	tCO_2e	1.0
Employee Business Travel	tCO_2e	1.4
Total Greenhouse Gas (GHG) Emissions	tCO_2e/million HKD revenue	0.39

Environmental KPIs		
Category	**Unit**	**2018-2019**
Air Emissions		
Nitrogen Oxides (NO_x) Emissions	kg	7.3
Sulphur Oxides (SO_x) Emissions	kg	0.2
Particulate Matter Emissions	kg	0.5
Waste Management		
Total Hazardous Waste Produced	kg	0
Total Non-Hazardous Waste Produced	kg	356
Total Non-Hazardous Waste Intensity	t/million HKD revenue	2.59

SOCIAL

The daily operation of the Group involves its team of professionals and qualified employees serving distinguishable clients. The Group values staff equality and it is dedicated to providing its staff with equal and fair treatment. In addition, compliance to laws and regulations have always been one of the Group's guiding principles. The Group will monitor and improve in areas as needed, and continue to grow sustainably and in a socially responsible manner.

Employees and Remuneration

The Group regards its employees as its most valuable assets and the foundation of its business growth, as it believes a balanced workforce is crucial for building a sustainable business model and delivering long term returns. The Group aims to provide its employees with a healthy and respectful working environment. The Group has designed its human resource management policies based on the needs of the Group's employees, covering aspects of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

The Group enters into written employment contracts with all employees that sets out the employees' responsibilities, remuneration and grounds for termination of employment. The Group's staff handbook is issued and provided as a guidance for its employees, communicating the goals, policies and procedures of the Group as well as expectations for employees' conducts.

Remuneration Committee

To ensure the Group's remuneration scheme remains competitive with respect to the market, the Group established a Remuneration Committee, and with its role and function set out in specific written terms of reference in accordance with the provisions set out in the Corporate Governance Code (CG Code). The principal duties of the Remuneration Committee include providing recommendations to the Board towards the Company's remuneration policy and structure. The Committee is also responsible for reviewing remuneration packages of executive directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted), as well as the remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration. Instead, remuneration will be determined with reference to the performance of the individual and the Group as well as market practice and conditions.

The Remuneration Committee meets regularly to review the policy for the remuneration of the Group, and making recommendations to senior management when necessary.

SOCIAL (continued)

Remuneration

The Group offers competitive compensation and employee benefits according to their job requirements and individual performance, and bonus shall be awarded to employees whom served for a full year as an encouragement for hard work. The Group also provides general medical insurance to its employees which covers in/out-patient and Chinese medicine treatment. To maintain the competitiveness of the Group's remuneration policy, it is regularly reviewed by its Remuneration Committee, and revised in accordance with market trends. The Group's remuneration policy is designed to ensure a clear and flexible guideline to accommodate all of its employees working under various types of job duties such that they can enjoy a consistent set of benefits. In order to enhance employees' sense of belonging and team spirit, the Group regularly organises Group activities and encourages all employees to participate to increase the level of interaction between employees.

Retirement Benefit Scheme

The Group participates in the Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance ("Pension Scheme") for all qualifying employees employed.

During the reporting period, total contributions paid or payable to the Pension scheme by the Group amounted to approximately HK$317,000 which had been recognized as expenses and included in staff costs in the consolidated statement of comprehensive income.

Occupational Health and Safety

Operational health and safety are among the top priorities in the Group, and it strives to maintain high occupational safety and health standards to ensure that its employees work under a safe and comfortable working environment. The Group's employees are advised to take extra attention during daily operation to avoid occupational-related accidents, and the Group's senior management consistently offers safety tips and recommends maintaining appropriate conduct during operation.

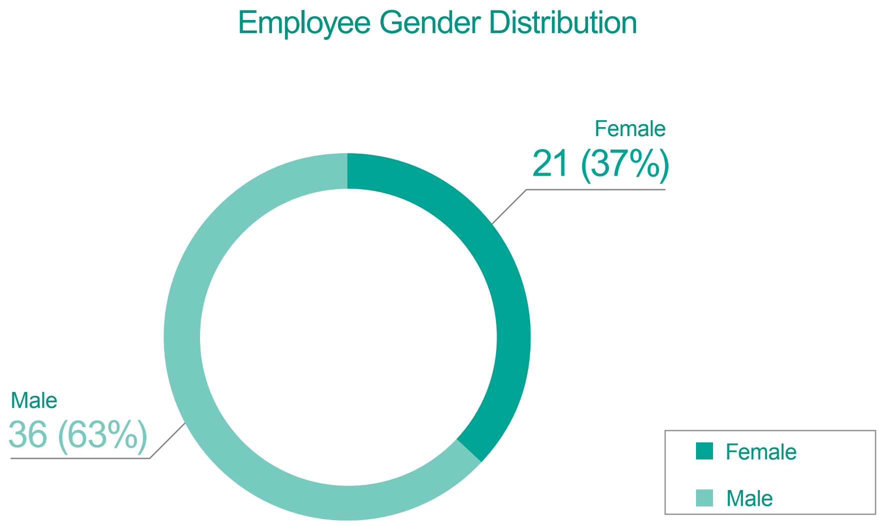
In summary, and during this reporting period, the Group had no material non-compliance breach with relevant standards, rules and regulations, and with no major accidents encountered during operation.

Equal Opportunities, Diversity and Anti-Discrimination

As an equal opportunity employer, the Group treats all employees on equal footing in regards to matters related to recruitment, remuneration and promotion. The Group ensures that employees are not discriminated due to any reason, including not limited to, gender, race, physical disability, marital status, religion, political opinion or sexual orientation. The following charts indicated the diversity of the Group's workforce in this reporting period.

SOCIAL (continued)

Equal Opportunities, Diversity and Anti-Discrimination (continued)



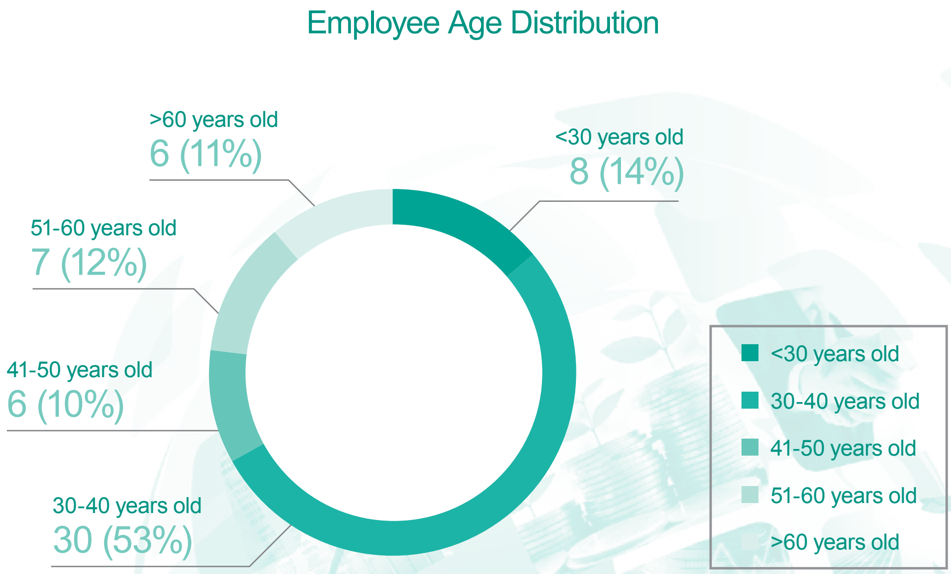


Figure 1. The Group's age & gender distribution (as of 31 March 2019)

To maintain an equal opportunity workplace, the Group has established a grievance mechanism for employees, as well as for suppliers and customers, to report any suspected discrimination or harassment incidents to department heads and/or to the human resources department. All reported cases are investigated confidentially and in a timely manner. During the reporting period there was no report of any discrimination or harassment incidents within the Group.

As a result, and the Group is pleased to report that no material non-compliance with laws and regulations regarding employment and labour practices were identified in this reporting period.

SOCIAL (continued)

Labour Standards

The Group is fully aware that all forms of child labour and forced labour violate fundamental human rights, International Labour Conventions and also pose as a threat to sustainable social and economic development.

The Group not only strictly complies with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and the Employee's Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), the Labour Law in the PRC and other relevant laws and regulations, but also establishes standards, grievance and communication mechanisms with reference to The International Bill of Human Rights for reporting of any suspected violation of labour laws. The Group prohibits the use of child labour by carefully reviewing the actual age of job applicants in the recruitment process, which includes the examination of identity documents. The Group is also committed to prohibiting forced labour.

During the reporting period, the Group did not identify any cases related to child labour or forced labour in the reporting scope.

Development & Training

The Group recognises the importance of providing for its employees with professional training to continuously enhance their technical knowledge, and keeping abreast of the latest developments of the financial market for its Securities and Asset Management business.

The Group also observes the Guidelines on Continuous Professional Training set out under section 399 of the Securities and Futures Ordinance (SFO), Cap. 571. The Group supports and encourages its directors, responsible officers, licensed representatives and employees in fulfilling their respective professional training requirements, encouraging them to attend trainings and industry updates organised by various professional bodies.

For other business units of the Group, a comprehensive training management system has been designed to accommodate needs for different types of employees. On top of organising induction training for new recruits, the Group arranges training for senior staff in order to help team bonding and communications within the team.

Apart from internal training programmes, Directors and employees are encouraged to enrol in external training relevant to their work. During the reporting period the Group's staff members have participated in over 50 training workshops organised by The Hong Kong Institute of Directors, The Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Chartered Secretaries covering various aspects such as equity markets, market trends and regulatory updates. To support its Directors and employees to further develop their competencies, attendance of the external trainings were sponsored by the Group, with a total of approximately HK$71,000 during the reporting period.

SOCIAL (continued)

Product Responsibility

The Group strives to maintain high customer satisfaction and foster mutually beneficial relationships by providing quality and reliable products and services. Securing customer information is essential in maintaining good corporate governance and building long-term trust with its customers.

The Group has strictly complied with regulations relevant to products and services that it provides. The Group's representatives thoroughly explain financial products and services to customers, together with the associated underlying risks derived, in order to facilitate their decision-making process. It is considered to be critical to ensure that information the Group provides to its customers do not contain any content which may be misleading or containing inaccurate information.

During the reporting period, the Group did not identify any non-compliance with laws and regulations involving to health and safety, advertising, labelling and privacy matters relating to products and services provided in the reporting scope.

Supply Chain Management

It is the Group's objective to build lasting and constructive relationships with its partners in its supply chain. The Group's internal control policy provided procedures for supplier selection and engagement are formulated to ensure fairness and openness. Procurement and tender processes are based solely upon price, quality of goods/services delivered, and the Group's needs.

Anti-Corruption and Anti-Money Laundering

The Group commits to managing all business without undue influence and has regarded honesty, integrity and fairness as its core values. The Group is obliged to comply with various ordinances, rules and guidelines including but not limited to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the Securities and Futures Commission (the "SFC").

The Group adopts a "SAFE" approach at its Securities Business (i.e. Screen, Ask, Find, and Evaluate) as part of its anti-money laundering and counter-terrorist financing strategy.In addition, all directors and employees are required to strictly follow the Code of Conduct and Staff Regulations to prevent potential bribery, extortion, fraud and money laundering.

During this reporting period, the Group was unaware of any action that non-compliance to legal regulation, and related to corruption, bribery, extortion, fraud and money laundering.

SOCIAL (continued)

Data Protection and Privacy Policies

The Group's Code of Conduct provides guidelines to assist employees in protecting customers' information. A strict access-control policy is implemented to ensure only approved staff members are allowed access. At its Security Business, staff are only given limited data access to preserve client privacy, while sufficient for them to perform their responsible duties, to limit the risk of customer data leak.

Employees are prohibited from disclosing or using any information without the Group's written consent. All confidential customer information will not be disclosed to any third party except under the following circumstances:

- Disclosure with consent;
- Disclosure in the Company's interest;
- Disclosure as a duty to the public; or
- Disclosure by Compulsion of law and/or regulations

The Group also conducts compliance assessment to protect customers' rights and interests if necessary.

Community

The Group understands that it is important for its business to generate profit to its shareholders, while at the same time being socially responsible to care, serve and give back to our community at the same time wherever needed.

The Group's senior management consistently seeks to support social initiatives, and will continue to look for opportunity to contribute to the local development as necessary and appropriate.

Report of the Directors

The directors present their annual report and the audited financial statements of 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 principal subsidiaries are set out in Note 46 to the consolidated financial statements.

BUSINESS REVIEW

The business review, including an analysis of the Group's performance during the year using financial key performance indicators and an indication of likely future development in the Group's business, is set out in "Chairman's Statement and Management Discussion and Analysis" of this annual report. Description of the principal risks and uncertainties facing by the Company can be found throughout this annual report, particularly in Notes 43 and 44 to the consolidated financial statements. These discussions form part of this "Report of the Directors".

RESULTS

The Group's loss for the year ended 31 March 2019 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 49 to 142.

SUMMARY OF 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 and restated as appropriate, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**137,853**	35,220	68,679	44,626	52,710
(Loss)/profit before tax	**(50,145)**	(339,946)	28,182	(103,655)	(151,560)
Income tax(expense)/credit	**(1,311)**	2,508	761	265	392
(Loss)/profit for the year	**(51,456)**	(337,438)	27,421	(103,390)	(151,168)

SUMMARY OF FINANCIAL INFORMATION (continued)

	At 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total non-current assets	**134,241**	350,603	1,047,178	1,142,540	583,053
Current assets	**306,706**	19,119	163,949	272,886	354,042
Current liabilities	**(118,507)**	(21,715)	(185,942)	(265,811)	(319,812)
Net current assets/(liabilities)	**188,199**	(2,596)	(21,993)	7,075	34,230
Total assets less current liabilities	**322,440**	348,007	1,025,185	1,149,615	617,283
Non-current liabilities	**(10,158)**	(10,158)	(12,448)	(51,723)	(41,583)
Net assets	**312,282**	337,849	1,012,737	1,097,892	575,700

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's businesses are mainly carried out by the Company's subsidiaries established in Hong Kong, the Peoples's Republic of China ("PRC") and the British Virgin Islands while the Company itself is incorporated in Bermuda with its shares listed on the Stock Exchange. Our establishment and operations shall comply with relevant laws and regulations in Bermuda, Hong Kong, the PRC and the British Virgin Islands accordingly.

ENVIRONMENTAL PROTECTION POLICY

Details of the environmental protection policy and performance of the Group for the year ended 31 March 2019 are set out in the section headed "Environmental, Social and Governance Report" of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 35 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as the Company's share option scheme disclosed in Note 36 to the consolidated financial statements, no equity-linked agreements were entered into by the Company during the year and subsisted at the end of the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED EQUITY SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company does not have any reserves available for cash distribution and/or distribution in specie. In addition, the Company's share premium account in the amount of approximately HK$2,660,960,000 may be distributed in the form of fully paid bonus shares.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the period under review, the sales attributable to the Group's five largest customers accounted for approximately 77% of the total sales for the year and sales to the largest customer included therein amounted to approximately 25%.

During the period under review, the purchases attributable to the Group's five largest suppliers accounted for approximately 100% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 51%.

None of the directors of the Company or any of their close associates or any shareholders (which, to the knowledge of the directors, own more than 5% of the number of the Company's issued shares) had any beneficial interest in the Group's five largest suppliers or customers.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's businesses cannot be achieved without the support from stakeholders. The Group has always paid attention to and maintained a good relationship with its customers by providing customer-oriented services. To achieve our best products and services to our customers, the Group is striving to maintain good relationship and close communication with suppliers for continual improvement of both products and services provided. The Group also values the knowledge and skills of employees. Competitive remuneration package is offered to retain high-calibre employees and make sure that their performance goals are aligned with the Group's business objectives.

DIRECTORS

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

Executive Directors	
Ms. Zhou Yaying	(appointed on 26 April 2018)
Mr. Wei Liang	(appointed on 2 May 2018)
Ms. Hong Jingjuan	
Mr. Tang Wing Cheung Louis	(appointed on 25 May 2018)
Ms. Xie Yan	(resigned on 25 May 2018)
Mr. Wong Chun Hung	(appointed on 11 April 2018 and resigned on 25 May 2018)

Independent Non-executive Directors
Mr. Tse Kwong Chan
Mr. Yiu To Wa
Mr. Lau Leong Yuen

In accordance with the Bye-laws and the agreement among the Board members, Ms. Hong Jingjuan, Mr. Yiu To Wa and Mr. Lau Leong Yuen shall retire from office as directors of the Company at the forthcoming annual general meeting of the Company (the "AGM"). All of the above directors are eligible for re-election at the AGM.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors:

Ms. Zhou Yaying ("Ms. Zhou"), aged 36, is the Chairman of the Board and a member of the Executive Committee, Remuneration Committee and Nomination Committee. She joined the Group in April 2018. She has over 15 years of experiences of business management, business strategy formulation, sales and marketing and human resources.

Mr. Wei Liang ("Mr. Wei"), aged 41, is the Chief Executive Officer of the Company and a member of the Executive Committee. He joined the Group in May 2018. He has over 20 years of experiences of business management, trading, and property investment.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Executive directors:

Ms. Hong Jingjuan ("Ms. Hong"), aged 34, is an executive director and a member of the Executive Committee of the Company. She joined the Group in March 2017. She obtained her bachelor degree of human resources management from Jingqiao University in 2007. Prior to joining the Company, Ms. Hong was the marketing director of a real estate valuation company. Ms. Hong has over 10 years of experience in sales and marketing, administration and business operation.

Mr. Tang Wing Cheung Louis ("Mr. Tang"), aged 56, is an executive director and a member of the Executive Committee of the Company. He joined the Group in May 2018. He graduated from Florida International University in the United States of America in 1984 with bachelor degree in hotel management. Mr. Tang has over 10 years of experience in management, investment and provision of financial services.

Independent non-executive directors;

Mr. Tse Kwong Chan ("Mr. Tse"), aged 49, is an independent non-executive director, the Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. He joined the Company in March 2011. He graduated from Dawson College, Canada with a degree majoring in Mathematics in 1991. Mr. Tse has over 20 years of working experience in the area of sales and marketing and management.

Mr. Yiu To Wa ("Mr. Yiu"), aged 36, is an independent non-executive director, the Chairman of the Audit Committee and Nomination Committee, He joined the Group in July 2017. He obtained his bachelor degree of business administration in professional accountancy program from The Chinese University of Hong Kong in 2005 and has been a certified public accountant of Hong Kong Institute of Certified Public Accountants since 2008. Mr. Yiu has over 10 years of experience in financial accounting and auditing of listed companies in Hong Kong.

Mr. Lau Leong Yuen ("Mr. Lau"), aged 34, is an independent non-executive director, the member of the Audit Committee and Remuneration Committee. He joined the Group in July 2017. He obtained a bachelor degree of engineering in electronic and communication from the City University of Hong Kong in 2008 and a master degree of science in E-Commerce from the Hong Kong Polytechnic University in 2011. Mr. Lau is currently a senior information technology analyst in a leading air cargo terminal operator in Hong Kong. Mr. Lau has over 10 years of experience in software engineering and information technology system development.

Mr. Lau Leong Yuen has appointed as an Independent non-executive director of Yuk Wing Group Holdings Limited, which are listed on the Stock Exchange (Stock Code: 1536), with effect from 20 April 2018.

Save as disclosed herein, there is no other relationship between each of the directors as required to be disclosed under the Listing Rules.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Senior management:

Ms. Chen Tong ("Ms. Chen"), aged 55, was the executive director of the Company from 15 December 2010 to 10 October 2017 and re-designated as General Manager on that day. She joined the Group in December 2010. Ms. Chen graduated from Tongji University in 2002 with a bachelor's degree in administrative management. She is currently the vice general manager of a logistic company in the PRC. She has over 20 years experience in the banking industry and is an economist.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the AGM 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' REMUNERATION

The remuneration of directors is transacted and voted by the shareholders at annual general meeting as ordinary business during which the Board is authorised to fix the remuneration of directors. The remuneration payable to directors is then determined by the Board with reference to directors' duties, responsibilities and performance and results of the Group and the recommendations of the Remuneration Committee subject to the Bye-laws.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Note 42 to the consolidated 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 subsisted at the end of the year or at any time during the year ended 31 March 2019.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the directors nor their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2019, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

Long positions in the ordinary shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of interest
Ms. Zhou Yaying	Beneficial owner	4,371,386	0.77%

The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 31 March 2019, that is 567,852,500 ordinary shares of the Company.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme" and "Interests and/or Short Positions of the Directors and Chief Executive of the Company in the Shares, Underlying Shares and Debentures of the Company", at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2019, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares of the Company

Name of substantial shareholder	Nature of Interests	Number of ordinary shares interested	Percentage of the Company's issued share capital
Mr. Xiong Wei	Beneficial owner	62,910,000	11.08%
Ms. Guo Sha	Beneficial owner	47,000,000	8.28%
Ms. Dong Qian	Beneficial owner	40,000,000	7.04%

The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 31 March 2019, that is 567,852,500 ordinary shares of the Company.

Save as disclosed above, as at 31 March 2019, no person had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTRACT OF SIGNIFICANCE

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every director for the time being acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses, damages and expenses which he/she shall or may incur or sustain by or 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' liability insurance coverage for the directors and officers of the Group.

CONNECTED TRANSACTIONS

The related party transactions as disclosed in Note 42 to the consolidated financial statements do not fall under the definitions of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, at least 25% of the Company's total number of issued shares were held by the public.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in Note 47 to the consolidated financial statements.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by CHENG & CHENG LIMITED who will retire at the conclusion of the AGM and, being eligible, will offer itself for re-appointment. A resolution will be submitted to the AGM to re-appoint CHENG & CHENG LIMITED as the auditor of the Company.

ON BEHALF OF THE BOARD

Ms. Zhou Yaying
Chairman

Hong Kong
28 June 2019

Independent Auditor's Report

CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
鄭鄭會計師事務所有限公司

TO THE SHAREHOLDERS OF CHINA ENVIRONMENTAL ENERGY INVESTMENT LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Environmental Energy Investment Limited (the "Company") and its subsidiaries ("the Group") set out on pages 49 to 142, which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matter	How the matter was addressed in our audit
Goodwill impairment assessment – Design, OEM and Marketing of Jewelry and Money Lending business Refer to note 17 in the consolidated financial statements We identified the impairment assessment of goodwill, as a key audit matter due to that significant judgement exercised by the Group's management on the estimation of the recoverable amount of the cash generating units to which goodwill has been allocated. The Group's goodwill as at 31 March 2019 amounted to approximately HK$22.0 million. Goodwill has been allocated to the respective cash generating units. Impairment of goodwill is assessed by the management through comparing the recoverable amounts of the cash generating units to which the goodwill is allocated with their carrying amounts. The recoverable amount is greater of value in use or fair value less costs of disposal. In determining the recoverable amounts of the cash generating units of Design, OEM and Marketing of Jewelry business and Money Lending business, the management estimates their value in use based on discounted cash flows taking into account key assumptions including discount rate, future growth rate and expected gross margin. During the year ended 31 March 2019, the management concluded that no impairment is provided on the goodwill allocated to Design, OEM and Marketing of Jewelry business and Money Lending business.	Our procedures in relation to management's impairment assessment included: – Evaluating the valuation specialists' competence, capabilities and objectivity; – Assessed the appropriateness of the valuation methodologies, including the value-in-use calculations, used by the valuation specialists and management to estimate the recoverable amount of the cash generating units; – Challenging the reasonableness of key assumptions based on our knowledge and understanding of the businesses and markets; – Checked, on a sample basis, the accuracy and relevancy of the input data used; – Reconciling input data to supporting evidence, such as approved budgets and evaluating the reasonableness of the budgets; and – Performed sensitivity and stress testing analysis to which the outcome of the impairment test is most sensitive.

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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 Audit Committee assists the directors 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, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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

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

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

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

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

CHENG & CHENG LIMITED
Certified Public Accountants
Hong Kong, 28 June 2019

Chan Shek Chi
Practising Certificate number P05540

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	4	**137,853**	35,220
Cost of sales		**(110,979)**	(19,457)
Gross profit		**26,874**	15,763
Other income	6	**2**	47
Other gains and losses	7	**(31,612)**	(102,437)
Loss from impairment	8	**(3,528)**	(218,607)
Selling and distribution expenses		**(1,280)**	(305)
Administrative expenses		**(38,124)**	(28,366)
Finance costs	9	**(795)**	(3,209)
Share of loss of an associate	19	**(1,682)**	(2,832)
Loss before taxation	10	**(50,145)**	(339,946)
Income tax (expense)/credit	13	**(1,311)**	2,508
Loss for the year		**(51,456)**	(337,438)
Other comprehensive expenses			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on:			
– Translation of foreign operations		**(42)**	86
Available-for-sale investments			
Increase in fair value		**–**	8,694
Reclassification adjustments for amounts transferred to profit or loss:			
– Gain on disposal		**–**	(410,007)
– Impairment loss		**–**	7,126
		–	(394,187)
Other comprehensive expense for the year		**(42)**	(394,101)
Total comprehensive expense for the year		**(51,498)**	(731,539)
Loss for the year attributable to:			
Owners of the Company		**(51,456)**	(337,438)
Non-controlling interests		**–**	–
		(51,456)	(337,438)
Total comprehensive expense attributable to:			
Owners of the Company		**(51,498)**	(731,539)
Non-controlling interests		**–**	–
		(51,498)	(731,539)
		2019 HK$	2018 HK$
Loss per share	15		
Basic/Diluted		**(0.09)**	(0.75)

Consolidated Statement of Financial Position

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	16	**570**	4,868
Goodwill	17	**21,999**	23,374
Intangible assets	18	**8,192**	13,922
Interest in an associate	19	**–**	198,290
Loan receivables	24	**60,920**	50,000
Deferred tax assets	38	**985**	523
Available-for-sale investments	20	**–**	59,044
Financial assets at fair value through profit or loss	20	**40,339**	–
Financial assets at fair value through other comprehensive income	21	**–**	–
Statutory deposits	25	**205**	205
Deposits paid	26	**1,031**	377
		134,241	350,603
Current assets			
Inventories	22	**4,128**	–
Trade receivables	23	**92,850**	6,787
Loan and interest receivables	24	**3,481**	3,994
Other receivables, prepayments and deposits paid	26	**1,167**	1,913
Income tax recoverable		**258**	784
Cash deposits held by securities brokers	28	**1**	1
Client trust bank balance	27	**18,178**	103
Bank balances and cash	28	**12,527**	5,537
		132,590	19,119
Assets classified as held for sale	30	**174,116**	–
		306,706	19,119
Current liabilities			
Trade payables	31	**92,065**	335
Loan and interest payables	32	**5,381**	1,853
Other payables and accruals	33	**19,544**	19,325
Income tax payable		**1,517**	202
		118,507	21,715
Net current assets/(liabilities)		**188,199**	(2,596)
Total assets less current liabilities		**322,440**	348,007

Consolidated Statement of Financial Position

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Unconvertible bonds	37	**10,158**	10,158
Net assets		**312,282**	337,849
Capital and reserves			
Share capital	35	**56,785**	52,414
Share premium and reserves		**255,497**	285,435
Total equity		**312,282**	337,849

The consolidated financial statements on pages 49 to 142 were approved and authorised for issue by the Board of Directors on 28 June 2019 and are signed on its behalf by:

Zhou Yaying
Director

Wei Liang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Investments revaluation reserve HK$'000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	37,423	2,601,203	2,031	402,881	8,621	464	–	(2,039,886)	1,012,737
Loss for the year	–	–	–	–	–	–	–	(337,438)	(337,438)
Other comprehensive (expense)/income									
Exchange difference arising from translation of foreign operations	–	–	–	–	86	–	–	–	86
Increase in fair value of available-for-sale investments	–	–	–	8,694	–	–	–	–	8,694
Impairment loss recognised on available-for-sale investments	–	–	–	7,126	–	–	–	–	7,126
Gain transferred from other comprehensive income to profit or loss on disposal of listed equity securities held for investment	–	–	–	(410,007)	–	–	–	–	(410,007)
Total comprehensive (expense)/income for the year	–	–	–	(394,187)	86	–	–	(337,438)	(731,539)
Issue of shares upon settlement of promissory note	14,991	41,680	–	–	–	–	–	–	56,671
Share issue expenses	–	(20)	–	–	–	–	–	–	(20)
At 31 March 2018 and 1 April 2018	52,414	2,642,863	2,031	8,694	8,707	464	–	(2,377,324)	337,849
Adjustment on initial application of HKFRS 9	–	–	–	(17,187)	–	–	–	17,187	–
Adjusted balance at 1 April 2018	52,414	2,642,863	2,031	(8,493)	8,707	464	–	(2,360,137)	337,849
Loss for the year	–	–	–	–	–	–	–	(51,456)	(51,456)
Other comprehensive expense									
Exchange difference arising from translation of foreign operations	–	–	–	–	(42)	–	–	–	(42)
Total comprehensive expense for the year	–	–	–	–	(42)	–	–	(51,456)	(51,498)
Grant of share options	–	–	–	–	–	–	10,647	–	10,647
Issue of shares upon exercise of share options	4,371	18,112	–	–	–	–	(7,184)	–	15,299
Share issue expenses	–	(15)	–	–	–	–	–	–	(15)
At 31 March 2019	**56,785**	**2,660,960**	**2,031**	**(8,493)**	**8,665**	**464**	**3,463**	**(2,411,593)**	**312,282**

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Loss for the year		**(51,456)**	(337,438)
Adjustments for:			
Bank interest income		**(2)**	–
Income tax expense/(credit) recognised in profit or loss	13	**1,311**	(2,508)
Finance costs	9	**795**	3,209
Depreciation of property, plant and equipment		**3,564**	3,868
Loss on written off of property, plant and equipment		**719**	–
Written off of trade receivable		**254**	–
Impairment loss recognised on:			
– goodwill	17	**1,375**	28,840
– available-for-sale investments	20	**–**	218,441
– trade receivables	23	**2,874**	166
– loan and interest receivables	24	**654**	–
– intangible assets	18	**5,730**	–
– assets classified as held-for-sale	30	**22,492**	–
Change in fair value on financial assets at fair value through profit or loss	7	**15,126**	–
Realised loss on redemption of financial assets at fair value through profit or loss	7	**1,102**	–
Equity-settled share-based payment		**10,647**	–
Written back on other payables	7	**(15,186)**	–
Net realised loss on disposal of listed equity securities held for investment		**–**	68,466
Share of loss of an associate		**1,682**	2,832
Loss on settlement of promissory notes by issue of shares		**–**	5,131
Operating cash flows before movements in working capital		**1,681**	(8,993)
Increase in inventories		**(4,128)**	–
(Increase)/decrease in loan and interest receivables		**(11,061)**	31,433
Increase in trade receivables		**(89,210)**	(846)
Decrease in other receivables, prepayments and deposits paid		**92**	3,512
Increase/(decrease) in trade payables		**91,730**	(90)
Increase/(decrease) in other payables and accruals		**605**	(1,490)
Increase in client trust bank balance		**(18,075)**	(103)
Cash (used in)/generated from operations		**(28,366)**	23,423
Income tax refunded/(paid)		**68**	(1,962)
Net cash (used in)/generated from operating activities		**(28,298)**	21,461

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(5)**	(11)
Deposits received for disposal of assets classified as held-for-sale		**14,800**	–
Acquisition of available-for-sale investments		**–**	(13,344)
Proceeds from disposal of listed available-for-sale investments		**–**	43,863
Bank interest received		**2**	–
Proceeds from redemption of financial assets at fair value through profit or loss		**2,477**	–
Net cash generated from investing activities		**17,274**	30,508
Cash flows from financing activities			
Proceeds from loan payables	29	**5,000**	1,800
Repayment of loan payables	29	**(1,650)**	–
Proceeds from issue of shares upon exercise of share options		**15,299**	–
Share issue expenses		**(15)**	(20)
Repayments of promissory notes payable	29	**–**	(83,694)
Repayments of unconvertible bonds	29	**–**	(20,000)
Interest paid	29	**(617)**	(11,570)
Net cash generated from/(used in) financing activities		**18,017**	(113,484)
Net increase/(decrease) in cash and cash equivalents		**6,993**	(61,515)
Cash and cash equivalents at the beginning of the year		**5,538**	67,051
Effects of exchange rate changes		**(3)**	2
Cash and cash equivalents at the end of the year		**12,528**	5,538
Cash and cash equivalents at the end of the year represented by:			
Cash deposits held by securities brokers		**1**	1
Bank balances and cash		**12,527**	5,537
		12,528	5,538

Notes to Consolidated Financial Statements

For the year ended 31 March 2019

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and its principal place of business is Room 910, 9th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in Note 46. The Company together with its subsidiaries are referred to as the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been prepared under the historical cost convention except that financial assets at fair value through profit or loss (2018: available-for-sale investments) as explained in the accounting policies set out in Note 2(h).

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant consolidated financial statements are disclosed in Note 3.

(i) New standards, revision and amendments to existing standards effective for annual periods beginning 1 April 2018, relevant to the Group's operations and adopted by the Group:

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
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) New standards, revision and amendments to existing standards effective for annual periods beginning 1 April 2018, relevant to the Group's operations and adopted by the Group: (continued)

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's consolidated financial statements for the current and prior years, except for the following:

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

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

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

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods;

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

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. There is no impact of transition to HKFRS 9 on accumulated losses and reserves at 1 April 2018.

Based on the Group's financial instruments and risk management policies as at 31 March 2018 and 2019, all the financial assets and financial liabilities will continue to be measured on the same bases as are measured under HKAS 39 on initial application of HKFRS 9 except equity instrument designated as at fair value through other comprehensive income ("FVTOCI") and financial assets at fair value through profit or loss ("FVTPL").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) New standards, revision and amendments to existing standards effective for annual periods beginning 1 April 2018, relevant to the Group's operations and adopted by the Group: (continued)

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (continued)

Equity instrument designated as at FVTOCI

At the date of initial application, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI, because these equity investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with zero fair value were reclassified from available-for-sale investments to equity instruments at FVTOCI.

Investment in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other gains and losses" line item in profit or loss. In addition, impairment losses previously recognised at approximately HK$8,493,000 were transferred from accumulated losses to investment revaluation reserve as at 1 April 2018.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. At the date of initial application of HKFRS 9, the Group's equity investment fund of approximately HK$59,044,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The cumulative fair value changes of the instrument as at 1 April 2018 of approximately HK$25,680,000 was reclassified from investment revaluation reserve to accumulated losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) New standards, revision and amendments to existing standards effective for annual periods beginning 1 April 2018, relevant to the Group's operations and adopted by the Group: (continued)

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (continued)

Impairment under ECL model

The Group assesses on a forward looking basis the ECL associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on loan and interest receivables, other receivables and bank balances is measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Groups has concluded that there has been no material impact on the financial assets measured at amortised cost as at 1 April 2018 upon initial application of the new impairment requirements after considering all trade receivables, loan and interest receivables, other receivables and bank balances which did not have any historical default payment record.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) New standards, revision and amendments to existing standards effective for annual periods beginning 1 April 2018, relevant to the Group's operations and adopted by the Group: *(continued)*

Impact and changes in accounting policies of application on HKFRS 15, Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 superseded the revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

HKFRS 15 does not have a significant impact on the financial position and the financial result of the Group upon initial application at 1 April 2018. Comparative information continues to be reported under HKASs 11 and 18.

Under HKFRS 15, a contracted 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. The adoption of HKFRS 15 does not have a significant impact on the Group's financial position as at 1 April 2018.

As at 31 March 2019, under HKFRS 15, approximately HK$355,000 was classified as contract liabilities in relation to the consideration received from customers in advance for the Financial services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards issued but not yet effective

The Group has not applied any of the following new HKFRSs, amendments to HKFRSs and new interpretations ("new and revised HKFRSs") that have been issued but are not yet mandatorily effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[5]
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]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[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.
5 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period on or after 1 January 2020.

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

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards issued but not yet effective (continued)

HKFRS 16 Leases (continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$5.0 million as disclosed in note 40. 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.

In addition, the Group currently considers refundable rental deposits paid of HK$1.39 million as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries

(i) Consolidation

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

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss and other comprehensive income.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries (continued)

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

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

(iii) Disposal of subsidiaries

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

(c) Associates

Associates are all entities over which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in an associate includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of (loss)/profit of an associate" in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Property, plant and equipment

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

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost, other than construction in progress, over their estimated useful lives from the date on which they are available for use and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the shorter of the lease terms or 20%
Furniture and office equipment	20%
Motor vehicles	20%
Motor vessel	20%

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. Residual values and useful lives are reviewed at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains and losses" in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Intangible assets

(i) Goodwill

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

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

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

(ii) Licenses

Type 1, Type 4 and Type 9 regulated activities licenses (the "Licenses") under Securities and Futures Commission ("SFC") are classified as intangible assets. The Licenses acquired in a business combination are recognised at fair value at the acquisition date. The Licenses have an indefinite useful life and are carried at cost less accumulated impairment losses. The Licenses have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the Licenses are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The Licenses will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired. The useful life of the Licenses is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(f) Impairment of non-financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Non-current assets held-for-sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(h) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points 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 financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2(a)(i))

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-making; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2(a)(i)) *(continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

The Group's financial assets are mainly classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

– *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan and interest receivables, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018) *(continued)*

– *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available-for-sale financial assets are subsequently carried at fair values or cost less impairment. Changes in the fair value of available-for-sale equity instruments are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to the statement of profit or loss and other comprehensive income as "other gains and losses" or "loss from impairment" respectively.

Dividends on available-for-sale equity instruments are recognised in profit or loss as part of investment and other income when the Group's right to receive payment is established.

(i) Impairment of financial assets

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2(a)(i))

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade receivables and loan receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2(a)(i)) *(continued)*

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debts obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2(a)(i)) *(continued)*

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2(a)(i)) *(continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the collective basis:

- nature of financial instrument (i.e. the Group's trade and other receivables and loan and interest receivables are each assessed as a separate group);
- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income 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 amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and loan and interest receivables where the corresponding adjustment is recognised through a loss allowance account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

(i) Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

(ii) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the securities below its costs in also evidence that the assets are impaired. If any such evidence exists the cumulated loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial assets previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of financial assets (continued)

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual right to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9/HKAS 39.

(j) Financial liabilities

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings 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.

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

(k) Offsetting financial instruments

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

(l) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the first in first out basis and comprise all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Client trust bank balance

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified the clients' monies as client trust bank balance under the current assets in the consolidated statement of financial position as the Group is allowed to retain some or all of the interest income on the clients' monies and recognised corresponding accounts payable to the respective customers in the current liabilities. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the Group is not allowed to use the clients' monies to settle its own obligation.

(n) 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 that are 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.

(o) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Current and deferred income tax

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

(i) Current income tax

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

(ii) Deferred income tax

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue recognition

(a) Revenue from contracts with customers (Policy applicable from 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when control over a product or service is transferred to the customers.

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

(i) Income from Design, OEM and Marketing of Jewelry

Sales of jewelry to customers. Revenue is recognised when control of the goods has transferred to the customers, being at the point the goods are delivered to the customers.

(ii) Income from Internet Services

Provision of services for online product sales, provision of marketing, web design and maintenance services. Income from Internet Services is recognised when services are performed.

(iii) Service income from Financial Services

Provision of financial advisory and intermediary services. Service income is recognised when the transactions are executed.

(iv) Asset management income from Financial Services

Provision of asset management service under licensed activities. Asset management income is recognised when services are provided. For those services that are provided over a period of time, asset management income are accrued in accordance with the actual progress.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue recognition (continued)

(b) Revenue from contracts with customers (Policy applicable prior to 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received and receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Income from Design, OEM and Marketing of Jewelry

Income from Design, OEM and Marketing of Jewelry is recognised when the goods are delivered and title has passed.

(ii) Income from Internet Services

Income from internet services is recognised when such services are provided.

(iii) Service income from Financial Services

Service income from Financial Services are recognised when services are provided.

(c) Revenue from other sources

(i) Interest income from Money Lending

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Other income

Other income not stated above is recognised whenever received or receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Retirement benefits scheme

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave. In accordance with the rules and regulations in the People's Republic of China ("PRC"), the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income subject to a cap of HK$1,500 per month. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(t) Segment reporting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of net investment in a foreign operation.

All foreign exchange gains and losses are presented in profit or loss within "Other gains and losses".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

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

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

(b) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Foreign currency translation (continued)

(iii) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income are reclassified to profit or loss as part of the gain or loss on sale.

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

(v) Operating lease

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

(w) Share-based payments

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

- Including any market performance conditions (for example, the entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specific time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purpose of recognising the expense during the period between service commencement period and grant date.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Principal versus agent consideration (principal)

The Group's revenue generated from Design, OEM and Marketing of Jewelry business. Upon the application of HKFRS 15, the Group reassessed whether the Group should continue recognise revenue on gross basis based on the requirement of HKFRS 15. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the jewelry products. The Group has inventory risk and exposed to significant price risk.

Key sources of estimation uncertainty

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

(a) Impairment of goodwill

Determining whether goodwill is impaired requires the Group to assess the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount is the higher of fair value less costs of disposal and the value in use. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected or when there is a revision to the estimated future cash flows due to changes in fact or circumstances, a material impairment loss on goodwill may arise.

The carrying amount of goodwill as at 31 March 2019 was approximately HK$21,999,000 (2018: approximately HK$23,374,000). Impairment loss of goodwill amounting to approximately HK$1,375,000 has been recognised in profit or loss in respect of the year ended 31 March 2019 (2018: approximately HK$28,840,000), details of which are disclosed in Note 17.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

(b) Useful lives of intangible assets

The management determines the estimated useful lives and related amortisation for the Group's intangible assets. The useful lives of intangible assets are assessed to be either finite or indefinite, based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Intangible assets are not amortised when their useful lives are assessed to be indefinite. The conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. The Group may need to amortise intangible assets in future periods or recognise impairment losses on intangible assets if events and circumstances indicate that the useful life is not indefinite. Intangible assets with finite useful lives are amortised over the expected useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired.

(c) Impairment of non-financial assets (other than intangible assets with indefinite useful lives and goodwill)

The Group assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available information from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. When the actual useful lives of property, plant and equipment due to the change of commercial environment are different from their estimated useful lives, such difference will impact the depreciation charges and the amounts of assets written down in future periods.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

(e) Provision of ECL for loan and interest receivables and trade receivables

The measurement of ECL for loan and interest receivables and trade receivables requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral value when determining the provision of ECL and the assessment of a significant increase in credit risk.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. If the financial condition of customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

(f) Impairment of intangible assets with indefinite useful lives

Determining whether intangible assets with indefinite useful lives of the Group are impaired requires an estimation of recoverable amount of the CGUs to which intangible assets with indefinite useful lives have been allocated, which is the higher of the related fair value less costs of disposal and value-in-use. The calculations require the management to estimate the future cash flows expected to arise from the CGU in order to calculate the recoverable amounts.

The carrying amount of intangible assets as at 31 March 2019 was approximately HK$8,192,000 (2018: approximately HK$13,922,000). Impairment loss of intangible assets amounting to approximately HK$5,730,000 has been recognised in profit or loss in respect of the year ended 31 March 2019 (2018: Nil), details of which are disclose in Note 18.

(g) Fair value measurements and valuation process

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:–

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 inputs are observable inputs which fail to meet level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data is not available;
- Level 3 inputs are significant unobservable inputs.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The board of directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances and trade discounts ("Design, Original Equipment Manufacturing ("OEM") and Marketing of Jewelry"), income from online products sales, provision of marketing, web design and maintenance services ("Internet Services"), interest income from provision of loans as money lending ("Money Lending") and services income from provision of financial advisory, intermediary and asset management services ("Financial Services") is analysed as belowed.

(i) Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2019 **HK$'000**	2018 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of Jewelry	**129,115**	21,362
– Provision of Consulting and Maintenance Services for Internet Sales	**390**	3,048
– Provision of Financial Advisory and Intermediary Services	**173**	480
– Provision of Asset Management Services	**95**	–
	129,773	24,890
Revenue from other sources		
Interest income from Money Lending	**8,080**	10,330
	137,853	35,220

(ii) Disaggregation by timing of revenue recognition within the scope of HKFRS 15

	2019 **HK$'000**	2018 HK$'000
– Over time	**485**	3,048
– At a point in time	**129,288**	21,842
	129,773	24,890

As at 31 March 2019, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied was approximately HK$355,000. The transaction price allocated to the remaining performance obligations as at 31 March 2019 and the expected timing of recognizing revenue are as follows:–

	Provision of Asset Management Services HK$'000
Within one year	355

5. SEGMENT INFORMATION

(a) Business segments

The Group's operating and reportable segments which are based on the types of products sold and services rendered are as follows:

Internet Services:	online products sales, provision of marketing, web design and maintenance services
Design, OEM and Marketing of Jewelry*:	design of jewelry, OEM and sales and marketing of jewelry
Money Lending:	provision of loans as money lending
Financial Services:	provision of financial advisory, intermediary and asset management services

* The management redefined the "Trading of Gold and Diamond" segment to "Design, OEM and Marketing of Jewelry" to reflect the strategic decision during the year.

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment revenue and result

The following is an analysis of the Group's revenue and results by reporting segments:

For the year ended 31 March 2019

	Internet Services HK$'000	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Financial Services HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	390	129,115	8,080	268	137,853
Revenue from external customers	390	129,115	8,080	268	137,853
Net Segment Result:					
Segment result	(410)	13,026	(578)	(8,044)	3,994
Impairment loss on goodwill	–	–	–	(1,375)	(1,375)
Impairment loss on intangible assets	–	–	–	(5,730)	(5,730)
Net segment result	(410)	13,026	(578)	(15,149)	(3,111)
Other unallocated income					7,627
Change in fair value of financial assets at fair value through profit or loss					(15,126)
Realised loss on redemption of financial assets at fair value through profit or loss					(1,102)
Equity-settled share-based payment					(10,647)
Impairment loss on assets classified as held-for-sale					(22,492)
Written back on other payables					15,186
Share of loss of an associate					(1,682)
Other unallocated expenses					(18,003)
Finance costs					(795)
Loss before taxation					(50,145)
Income tax expense					(1,311)
Loss for the year					(51,456)

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment revenue and result *(continued)*

For the year ended 31 March 2018

	Internet Services HK$'000	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Financial Services HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	3,048	21,362	10,330	480	35,220
Revenue from external customers	3,048	21,362	10,330	480	35,220
Net Segment Result:					
Segment result	423	3,096	2,524	(7,015)	(972)
Impairment loss on goodwill	(28,840)	–	–	–	(28,840)
Net segment result	(28,417)	3,096	2,524	(7,015)	(29,812)
Other unallocated income					7,615
Net realised loss on disposal of listed equity securities held for investment					(68,466)
Loss on settlement of promissory note by issue of shares					(5,131)
Impairment loss recognised on available-for-sale investments					(218,441)
Share of loss of an associate					(2,832)
Other unallocated expenses					(19,670)
Finance costs					(3,209)
Loss before tax					(339,946)
Income tax credit					2,508
Loss for the year					(337,438)

The accounting policies of the operating segments are the same as Group's accounting policies described in Note 2. Segment profit or loss represents the profit or loss from each segment without allocation of certain other income, other gains and losses, central administrative costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment assets and liabilities

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

For the year ended 31 March 2019

	Internet Services HK$'000	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Financial Services HK$'000	Total HK$'000
Assets and liabilities:					
Segment assets					
– Hong Kong	9	121,012	65,402	36,042	222,465
– PRC	53	–	–	–	53
	62	121,012	65,402	36,042	222,518
Financial assets at fair value through profit or loss					40,339
Assets classified as held for sale					174,116
Unallocated corporate assets					3,974
Consolidated total assets					440,947
Segment liabilities:					
– Hong Kong	36	73,422	53,780	20,210	147,448
– Elimination of loan payables (Note (a))	–	–	(53,600)	–	(53,600)
– PRC	210	–	–	–	210
	246	73,422	180	20,210	94,058
Unconvertible bonds					10,158
Loan and interest payables					5,381
Unallocated corporate liabilities					19,068
Consolidated total liabilities					128,665

Note:

(a) The loan was made from the Company to the subsidiary under Money Lending segment which was under negotiated terms. As at 31 March 2019, the carrying amount of loan was HK$53,600,000 (2018: HK$47,245,000).

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

***Segment assets and liabilities** (continued)*

For the year ended 31 March 2018

	Internet Services HK$'000	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Financial Services HK$'000	Total HK$'000
Assets and liabilities:					
Segment assets					
– Hong Kong	10	29,650	54,997	21,474	106,131
– PRC	647	–	–	–	647
	657	29,650	54,997	21,474	106,778
Available-for-sale investments					59,044
Interest in an associate					198,290
Unallocated corporate assets					5,610
Consolidated total assets					369,722
Segment liabilities:					
– Hong Kong	1,130	392	47,880	588	49,990
– Elimination of loan payables	–	–	(47,245)	–	(47,245)
– PRC	2	–	–	–	2
	1,132	392	635	588	2,747
Unconvertible bonds					10,158
Loan and interest payables					1,853
Unallocated corporate liabilities					17,115
Consolidated total liabilities					31,873

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain bank balances and cash, assets classified as held for sale, financial assets at fair value through profit or loss, available-for-sale investments, interest in an associate, certain other receivables, prepayments and deposits paid, income tax recoverable and deferred tax assets; and

- all liabilities are allocated to reportable segments other than certain other payables and accruals, loan and interest payables, income tax payable and unconvertible bonds.

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Other segment information

In respect of the year ended 31 March 2019

	Internet Services HK$'000	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Financial Services HK$'000	Total HK$'000
Depreciation of property, plant and equipment	**4**	**3**	**–**	**258**	**265**
Written off of trade receivables	**254**	**–**	**–**	**–**	**254**
Impairment loss recognised in respect of trade receivables	**–**	**2,874**	**–**	**–**	**2,874**
Impairment loss recognised in respect of loan and interest receivables	**–**	**–**	**654**	**–**	**654**
Additions to non-current assets	**–**	**–**	**–**	**5**	**5**

In respect of the year ended 31 March 2018

	Internet Services HK$'000	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Financial Services HK$'000	Total HK$'000
Depreciation of property, plant and equipment	152	6	–	272	430
Impairment loss recognised in respect of trade receivables	166	–	–	–	166
Additions to non-current assets	–	–	–	11	11

The depreciation of property, plant and equipment do not include the depreciation charged during the year of approximately HK$3,299,000 (2018: approximately HK$3,438,000) which have not been allocated to the business segments.

5. SEGMENT INFORMATION (continued)

(b) Geographical information

The Group's operations are mainly located in Hong Kong and the PRC. The operations of the Group's associate is located in the United States of America (the "USA").

The following table provides an analysis of the Group's revenue by geographic market, determined based on the location at which the services were provided, irrespective of the origin of customers:

	Hong Kong		PRC		Others		Total	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Segment revenue								
Sales to external customers	**137,853**	33,331	**–**	1,889	**–**	–	**137,853**	35,220

An analysis of the non-current assets of the Group (other than financial assets and deferred tax assets) by geographical areas determined based on the physical location of assets in the case of property, plant and equipment and the location of the operations to which they are allocated, in the case of intangible assets and goodwill and the location of operations, in the case of interest in an associate:

	Hong Kong		PRC		USA		Total	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Non-current assets other than financial assets and deferred tax assets	**30,761**	41,841	**–**	323	**–**	198,290	**30,761**	240,454

(c) Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group are as follows:

	Revenue generated from	**2019 HK$'000**	2018 HK$'000
Customer A	Design, OEM and Marketing of Jewelry	**16,973**	9,294
Customer B	Money Lending business	**–**	4,884
Customer C	Money Lending business	**–**	4,884
Customer D	Design, OEM and Marketing of Jewelry	**33,990**	N/A
Customer E	Design, OEM and Marketing of Jewelry	**23,964**	N/A
Customer F	Design, OEM and Marketing of Jewelry	**19,563**	N/A

6. OTHER INCOME

	2019 HK$'000	2018 HK$'000
Bank interest income	**2**	–
Others	**–**	47
	2	47

7. OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
Other gains:		
Written back of other payables	**15,186**	–
Other losses:		
Change in fair value on financial asset at FVTPL	**(15,126)**	–
Realised loss on redemption of financial asset at FVTPL	**(1,102)**	–
Loss on written off of property, plant and equipment	**(719)**	–
Net realised loss on disposal of listed equity securities held for investment	**–**	(68,466)
Loss on settlement of promissory notes by issue of shares	**–**	(5,131)
Written off of trade receivables	**(254)**	–
Impairment loss recognised on:		
– goodwill	**(1,375)**	(28,840)
– intangible assets	**(5,730)**	–
– assets classified as held for sale	**(22,492)**	–
	(46,798)	(102,437)
Other losses, net	**(31,612)**	(102,437)

8. LOSS FROM IMPAIRMENT

	2019 HK$'000	2018 HK$'000
Impairment loss recognized on:		
– available-for-sales investments	**–**	218,441
– trade receivables	**2,874**	166
– loan and interest receivables	**654**	–
	3,528	218,607

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest expenses on:		
Promissory notes payable	–	2,470
Loan payables	295	53
Imputed interest on unconvertible bonds	500	686
	795	3,209

10. LOSS BEFORE TAXATION

	2019 HK$'000	2018 HK$'000
Staff costs (including directors' emoluments)		
– Directors' fees, staff salaries and allowances	13,307	13,295
– Retirement benefits contributions	317	310
– Equity-settled share-based payment	10,647	–
Total staff costs	24,271	13,605
Auditors' remuneration	720	840
Cost of inventories recognised as an expense	110,965	17,936
Other service costs	14	1,521
Depreciation of property, plant and equipment	3,564	3,868
Operating lease rentals in respect of rental premises	2,331	2,076
Share of loss of an associate	1,682	2,832

11. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' emoluments

Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertaking.

The remuneration of every director is set out below:

For the year ended 31 March 2019

	Fees HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Equity-settled share-based payment expense HK$'000	Total HK$'000
Executive Directors						
Mr. Wong Chun Hung[6]	–	88	–	–	–	88
Ms. Zhou Yaying[2]	–	558	50	–	777	1,385
Mr. Wei Liang[7]	–	219	–	9	–	228
Ms. Hong Jingjuan	–	300	–	15	–	315
Ms. Xie Yan[5]	–	72	–	–	–	72
Mr. Tang Wing Cheung Louis[4]	–	205	–	9	–	214
Independent Non-executive Directors						
Mr. Tse Kwong Chan	120	–	–	–	–	120
Mr. Yiu To Wa	120	–	–	–	–	120
Mr. Lau Leong Yuen	120	–	–	–	–	120
	360	1,442	50	33	777	2,662

For the year ended 31 March 2018

	Fees HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Equity-settled share-based payment expense HK$'000	Total HK$'000
Executive Directors						
Ms. Chen Tong[1]	–	581	71	11	–	663
Mr. Xiang Liang[1]	–	189	23	–	–	212
Ms. Hong Jingjuan	–	300	–	–	–	300
Ms. Xie Yan[5]	–	228	–	–	–	228
Independent Non-executive Directors						
Ms. Zhang Ruisi[3]	53	–	–	–	–	53
Mr. Tse Kwong Chan	120	–	–	–	–	120
Ms. Zhou Jue[3]	53	–	–	–	–	53
Mr. Yiu To Wa	80	–	–	–	–	80
Mr. Lau Leong Yuen	80	–	–	–	–	80
	386	1,298	94	11	–	1,789

11. BENEFITS AND INTEREST OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

Notes:

1 Ms. Chen Tong and Mr. Xiang Liang have resigned as executive director on 10 October 2017

2 Ms. Zhou Yaying was appointed as executive director on 26 April 2018

3 Ms. Zhang Ruisi and Ms. Zhou Jue have retired as independent non-executive director on 11 September 2017

4 Mr. Tang Wing Cheung Louis was appointed as executive director on 25 May 2018

5 Ms. Xie Yan was appointed as executive director on 10 October 2017 and resigned on 25 May 2018

6 Mr. Wong Chun Hung was appointed as executive director on 11 April 2018 and resigned on 25 May 2018

7 Mr. Wei Liang was appointed as executive director on 2 May 2018

From 10 October 2017 to 31 March 2018, Ms. Chen Tong was a senior management officer in the Group. The remuneration of being senior management officer for the period was approximately HK$293,000. Together with director's remuneration, the total remuneration of Ms. Chen Tong for the year ended 31 March 2018 was approximately HK$956,000.

None of the directors of the Company waived or agreed to waive any emoluments paid by the Group. No emoluments have been paid by the Group to the directors of the Company 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.

(b) Directors' retirement benefits and termination benefits

No directors received or will receive any retirement benefits or termination benefits during the financial year (2018: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2019, the Company does not pay consideration to any third parties for making available directors' services (2018: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 March 2019, there are no loans, quasi-loans and other dealing arrangements entered into by the Company or subsidiaries undertaking of the Company in favour of directors, controlled bodies corporate by and controlled entities with such directors (2018: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2018: one) was director of the Company whose emoluments are included in Note 11(a) above. The emoluments of the remaining four individuals (2018: four) were as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries, allowances and benefits in kind	**3,422**	3,307
Contributions to retirement benefits schemes	**54**	36
	3,476	3,343

The emoluments of the remaining four (2017: four) individuals fell within the following bands:

	2019	2018
HK$500,000 to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**1**	1
	4	4

13. INCOME TAX EXPENSE/(CREDIT)

Income tax recognised in profit or loss

	2019 **HK$'000**	2018 HK$'000
Hong Kong Profits Tax	**1,773**	312
Deferred tax credit	**(462)**	(2,820)
Income tax expense/(credit) for the year	**1,311**	(2,508)

On March 21, 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 March 28, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the law of the PRC on Enterprise Income Tax (the "EIT law") and implementation regulation of the EIT law, the tax rate of subsidiaries of the Company in the PRC is 25% (2018: 25%). No PRC income tax has been provided for the Group as the Group's subsidiary in the PRC did not have any assessable profit for the year ended 31 March 2019.

13. INCOME TAX EXPENSE/(CREDIT) (continued)

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

	2019 **HK$'000**	2018 HK$'000
Loss before taxation	**(50,145)**	(339,946)
Tax at the applicable rate of 16.5% (2018: 16.5%)	**(8,274)**	(56,091)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(65)**	(42)
Tax effect of income not taxable for tax purpose	**(2,506)**	(16,874)
Tax effect of expenses not deductible for tax purpose	**9,647**	71,929
Tax effect of tax losses not recognised	**1,442**	411
Tax effect of prior year's tax losses utilised in this year	**(281)**	(259)
Tax effect to unrecognised temporary differences	**134**	–
Tax effect of origination and reversal of temporary difference	**946**	(26)
Tax effect of share of result of associate	**278**	467
Recognised previously unrecognised deferred tax assets	**–**	(1,886)
Tax effect of adoption of two-tier profits tax rate	**(165)**	–
Tax relief	**(60)**	(30)
Others	**215**	(107)
Income tax expense/(credit) for the year	**1,311**	(2,508)

14. DIVIDEND

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

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is as follows:

	2019	2018
	HK$'000	HK$'000
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	**(51,456)**	(337,438)

	2019	2018
	'000	'000
Number of shares		
Issued ordinary shares at 1 April	**524,139**	374,229
Issue of shares upon exercise of share option (Note 35(b))	**26,707**	–
Effect of share allotments for settlement of promissory notes (Note 35(a))	**–**	76,393
Weighted average number of ordinary shares for the purpose of basic loss per share	**550,846**	450,622

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share.

No diluted loss per share for 2018 was presented as there was no potential ordinary shares in issue for the year ended 31 March 2018.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and office equipment HK$'000	Motor vehicles HK$'000	Motor vessel HK$'000	Total HK$'000
COST					
At 1 April 2017	991	2,471	2,047	14,000	19,509
Additions	–	11	–	–	11
Written off	(64)	–	–	–	(64)
Exchange realignment	10	86	–	–	96
At 31 March 2018 and 1 April 2018	937	2,568	2,047	14,000	19,552
Additions	–	5	–	–	5
Written off	(84)	(1,686)	–	–	(1,770)
Exchange realignment	(6)	(56)	–	–	(62)
At 31 March 2019	**847**	**831**	**2,047**	**14,000**	**17,725**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2017	372	684	1,367	8,400	10,823
Depreciation provided for the year	169	489	410	2,800	3,868
Eliminated on written off	(64)	–	–	–	(64)
Exchange realignment	6	51	–	–	57
At 31 March 2018 and 1 April 2018	483	1,224	1,777	11,200	14,684
Depreciation provided for the year	174	320	270	2,800	3,564
Eliminated on written off	(54)	(997)	–	–	(1,051)
Exchange realignment	(3)	(39)	–	–	(42)
At 31 March 2019	**600**	**508**	**2,047**	**14,000**	**17,155**
CARRYING AMOUNT					
At 31 March 2019	**247**	**323**	**–**	**–**	**570**
At 31 March 2018	454	1,344	270	2,800	4,868

17. GOODWILL

	2019 HK$'000	2018 HK$'000
COST		
At the beginning and the end of the year	**94,647**	94,647
ACCUMULATED IMPAIRMENT		
At the beginning of the year	**71,273**	42,433
Impairment loss recognised in respect of:		
– Internet Services business	**–**	28,840
– Financial Services business	**1,375**	–
At the end of the year	**72,648**	71,273
CARRYING AMOUNT AT THE END OF THE YEAR	**21,999**	23,374

Goodwill has been allocated for impairment testing purposes to the following business segments of CGUs:

Internet Services business, Design, OEM and Marketing of Jewelry business, Money Lending business and Financial Services business.

The carrying amount of goodwill was allocated to business segments of CGUs as follows:

	2019 HK$'000	2018 HK$'000
Internet Services business	**–**	–
Design, OEM and Marketing of Jewelry business	**20,999**	20,999
Money Lending business	**1,000**	1,000
Financial Services business	**–**	1,375
At the end of the year	**21,999**	23,374

17. GOODWILL (continued)

Internet Services business

Goodwill of approximately HK$63,748,000 arose from the acquisition of 100% equity interest in Platinum Plus Investment Limited ("Platinum Plus") and was recognised at the date of acquisition. Platinum Plus, through its wholly-owned subsidiaries, is principally engaged in provision of internet online services in the PRC relating to product sales and marketing and web maintenance.

During the year ended 31 March 2018, the Group recognized full impairment of goodwill of approximately HK$28,840,000 in relation to the CGU of this Internet Services business as the recoverable amount of the CGU of Internet Services business was below the carrying amounts. In view of the challenges, competition and uncertainties faced by the business segment in the coming years, any events that result in a reduction in online retail and e-commerce customers could materially and adversely affect the Group's ability to maintain or increase current level of revenue, profitability and positive cash flow from operating activities in the future. The recoverable amount of the CGU of this Internet Services business at 31 March 2018 has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors.

Based on the impairment assessment, impairment loss on goodwill amounting to approximately HK$28,840,000 was recognised by the Group and charged to profit or loss for the year ended 31 March 2018, which is calculated based on the recoverable amount of the CGU of Internet Services business. Accumulated impairment losses amounted to approximately HK$63,748,000 at 31 March 2018 were recognised on goodwill allocated to Internet Services business.

17. GOODWILL (continued)

Design, OEM and Marketing of Jewelry business

Goodwill of approximately HK$28,524,000 arose from the acquisition of 100% equity interest in Elite Honest Inc. ("Elite Honest") and was recognised at the date of acquisition. Elite Honest, through its wholly-owned subsidiary, is principally engaged in the design, OEM and marketing of jewelry.

The recoverable amount of the CGU of this Design, OEM and Marketing of Jewelry business has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period (2018: five-year period) with growth rates of 6.5% (2018: 235.83%) per annum for the first year, 2.5% (2018: 2.6%) per annum for the second year, 2.5% (2018: 2.6%) per annum for the third year, 2.5% (2018: 2.6%) per annum for the fourth year, 2.5% (2018: 2.6%) per annum for the fifth year, with a terminal value of approximately HK$18,000,000 (2018: approximately HK$31,174,000) estimated based on the growth rate of 2.5% (2018: 2.6%) (representing the expected inflation rate) after the five-year period (2018: five-year period) and at a discount rate of 16.21% (2018: 16.69%). Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows, including budgeted sales and gross margin, which is based on the past performance of the CGU and management's expectations for the market development.

Based on the impairment assessment, no impairment loss on goodwill (2018: Nil) was recognised by the Group and charged to the profit or loss for the year ended 31 March 2019, which is calculated based on the recoverable amount of the CGU of Design, OEM and Marketing of Jewelry. Accumulated impairment losses amounted to approximately HK$7,525,000 (2018: approximately HK$7,525,000) at 31 March 2019 were recognised on goodwill allocated to Design, OEM and Marketing of Jewelry business.

Money Lending business

Goodwill of HK$1,000,000 arose from the acquisition of 100% equity interest in Great Luck Finance Limited ("Great Luck") and was recognised at the date of acquisition. Great Luck is principally engaged in provision of loans as money lending.

The recoverable amount of the CGUs of this Money Lending business has been determined based on a value in use calculated which uses cash flow projections based on financial budgets approved by the directors covering a five-year period.

Based on the impairment assessment, the directors consider that there is no impairment of goodwill based on the financial performance of Money Lending business to which the goodwill relates.

17. GOODWILL (continued)

Financial Services business

During the year ended 31 March 2018, the recoverable amount of the CGUs of this Financial Services business has been determined on the basis of their fair value less cost of disposal using market based approach. A discount for lack of marketability of 15.9% has been adopted in arriving at the fair value of the CGUs. The fair value measurements of the CGUs are at Level 3 of the fair value hierarchy.

The fair value of the CGUs of Financial Services business segment as at date of 31 March 2018 has been arrived at on the basis of a valuation carried out by Roma Appraisals Limited ("Roma"), which is an independent qualified professional valuer not connected with the Group. The valuation reports on the goodwill were signed by a director of Roma who is a member of the Hong Kong Institute of Surveyors.

The directors consider that the market based approach is more appropriate to estimate the recoverable amount of the CGUs.

During the year ended 31 March 2018, based on the impairment assessment, the directors consider that there is no impairment of goodwill.

During the year ended 31 March 2019, the recoverable amount of HK$14,150,000 of the CGUs of this Financial Services business has been determined on the basis of fair value less cost of disposal by reference to the consideration of subsequent disposal for the CGUs of this Financial Services business (Details in Note 47) and the announcement dated on 16 May 2019. The fair value measurements of the CGUs are at Level 2 of the fair value hierarchy.

The fair value of the CGUs of Financial Services business segment as at date 31 March 2019 has been arrived at subsequent disposal of the CGUs of Financial Services business by reference to the consideration from the signed sales and purchase agreement.

Based on the impairment assessment, impairment loss on goodwill and intangible assets amounting to approximately HK$1,375,000 and approximately HK$5,730,000 were recognised by the Group and charged to profit or loss for the year ended 31 March 2019 respectively, which are calculated based on the recoverable amount of the CGUs of Financial Services business. Accumulated impairment losses amounted to approximately HK$1,375,000 and approximately HK$5,730,000 at 31 March 2019 were recognised on goodwill and intangible assets allocated to Financial Services business respectively.

The impairment loss arose as a result of the less than satisfactory past and expected performance of the Financial Service business. The directors also considered the effects of competition in this industry and high level of financial resources requirement.

18. INTANGIBLE ASSETS

	2019 HK$'000	2018 HK$'000
COST		
At the beginning and the end of the year	**13,922**	13,922
ACCUMULATED IMPAIRMENT		
At the beginning of the year	**–**	–
Impairment loss recognised	**5,730**	–
At the end of the year	**5,730**	–
CARRYING AMOUNT AT THE END OF THE YEAR	**8,192**	13,922

As at 31 March 2019 and 31 March 2018, the carrying amount of intangible assets represented the regulated activities licenses issued by SFC ("the Licences").

The Licenses are acquired in a business combination and are recognised at fair value at the acquisition date. They have indefinite useful lives and carried at cost less accumulated impairment losses.

The fair value of the Licenses as at date of initial recognition have been arrived at on the basis of a valuation carried out by Roma Appraisals Limited ("Roma"), which is an independent qualified professional valuer not connected with the Group. The valuation reports on these licenses were signed by a director of Roma who is a member of the Hong Kong Institute of Surveyors. Roma also reviewed the useful life and concluded that events and circumstances continued to support the indefinite useful life assessment.

The Licenses were allocated to the CGUs of Financial Services business and have been tested for impairment on 31 March 2019 and 31 March 2018. Details of the impairment test are disclosed in note 17 to the consolidated financial statements.

19. INTEREST IN AN ASSOCIATE

	2019 HK$'000	2018 HK$'000
Unlisted		
Cost of investment in an associate	**204,358**	204,358
Share of post-acquisition loss and other comprehensive income, net of dividend received	**(7,750)**	(6,068)
Transferred to assets classified as held for sale	**(196,608)**	–
At the end of the year	**–**	198,290

At the end of the reporting period, the Group had interest in the following associate:

Name of entity	Country/place of incorporation	Principal place of business	Particulars of issued and paid up capital	Proportion of ownership interest and voting power held by the Group 2019	2018	Principal activities
Pure Power Holdings Limited ("Pure Power") (Note)	British Virgin Islands ("BVI")	USA	8,500 ordinary shares, USD1 each	**49.41%***	49.41%	Investment holding and exploration and exploitation of natural resources.

Note:

Pure Power is an investment holding company and its subsidiary is principally engaged in exploration and exploitation of natural resources in the USA, which enables the Group to have exposure to this market through local expertise.

* On 21 June 2018, the Company, as vendor, and Hongkong Dragon Well Co., Limited (the "Purchaser A") entered into the sales and purchase agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser A has conditionally agreed to purchase 2,000 ordinary shares (the "Disposal A"), representing approximately 23.53% of the issued share capital of Pure Power, which owned by the Company at a consideration of HK$106,000,000. This Disposal A was approved by the shareholder of the Company in the special general meeting on 3 October 2018.

On 28 February 2019, the Company, as vendor, and Mr. Zhang Chunxiao (the "Purchaser B"), an independent third party, entered into the sales and purchase agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser B has conditionally agreed to purchase 2,200 ordinary shares (the "Disposal B"), representing approximately 25.88% of the issued share capital of Pure Power, which owned by the Company at a consideration of HK$80,000,000.

Summarised financial information in respect of Pure Power is set out below. The summarised financial information below represents amounts shown in Pure Power financial statements prepared in accordance with HKFRSs.

19. INTEREST IN AN ASSOCIATE (continued)

Pure Power is accounted for using the equity method in these consolidated financial statements.

	2018
	HK$'000
Current assets	797
Non-current assets	452,386
Current liabilities	(61,938)
Non-current liabilities	(82,000)
Equity	309,245

	2018
	HK$'000
Revenue	–
Loss and total comprehensive loss for the year	(5,733)
Dividends received during the year	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Pure Power recognised in these consolidated financial statements:

	2018
	HK$'000
Gross amounts of net assets of the associate	309,245
Proportion of the Group's ownership interest	49.41%
	152,798
Goodwill	45,492
Carrying amount of the Group's interest	198,290

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

	2019	2018
	HK$'000	HK$'000
Equity investment fund, at fair value	**40,339**	59,044

The equity investment fund was reclassified from available-for-sale investments to financial assets at fair value through profit or loss as at 1 April 2018 under the adoption of HKFRS 9.

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

The movement of the equity investment fund during the year are as follow:

	2019	2018
	HK$'000	HK$'000
At the beginning of the year	**59,044**	770,657
Change in fair value of equity investment fund	**(15,126)**	–
Redemption on equity investment fund	**(3,579)**	–
Addition for equity investment fund	**–**	260,298
Addition for listed equity securities	**–**	13,344
Increase in fair value of equity investment fund	**–**	8,694
Impairment loss recognised on listed equity securities	**–**	(1,367)
Impairment loss recognised on equity investment fund	**–**	(209,948)
Disposal of listed equity securities	**–**	(502,882)
Disposal of listed equity securities and transferred to equity investment fund	**–**	(279,752)
At the end of the year	**40,339**	59,044

The Group holds the equity investment fund for long term investment purpose.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	HK$'000	HK$'000
Listed equity securities	**–**	–

As at 31 March 2019 and 2018, the fair value of listed equity securities are determined based on the quoted market closing prices available on the Hong Kong Stock Exchange, since the listed equity securities were suspended trading from 6 June 2017, the directors considered that the fair value of related securities were minimal.

22. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2019 HK$'000	2018 HK$'000
Finished goods	**4,128**	–

(b) The analysis of the amount of inventories recognised as an expense is as follows:

	2019 HK$'000	2018 HK$'000
Carrying amount of inventories sold	**110,965**	17,936

23. TRADE RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables		
– Design, OEM and Marketing of Jewelry business	**95,715**	6,484
– Internet Services business	**–**	461
– Financial Services business	**9**	8
Less: allowance for credit losses	**(2,874)**	(166)
	92,850	6,787

The Group has a policy of allowing credit period ranging from 1 to 6 months to its trade customers. In addition, for certain customers with long-established relationship and good past repayment history, a longer credit period may be granted. The Group does not hold any collateral over the balances.

Up to the date of this annual report, these trade receivables amounting to approximately HK$90,430,000 have been received.

An aged analysis of trade receivables, net of impairment loss recognised, at the end of reporting period, based on the invoice date, is as follows:

	2019 HK$'000	2018 HK$'000
Within 3 months	**32,292**	4,795
4 to 6 months	**40,347**	1,600
Over 6 months	**20,211**	392
At the end of the year	**92,850**	6,787

23. TRADE RECEIVABLES (continued)

Movements in allowance for impairment loss of trade receivables are as follows:

	2018 HK$'000
At the beginning of the year	–
Impairment loss recognised during the year	166
At the end of the year	166

As at 31 March 2018, trade receivables of approximately HK$166,000 of the Group were individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. The Group does not hold any collateral over these receivables.

Details of impairment assessment of trade receivables for the year ended 31 March 2019 are set in note 44.

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

	2018 HK$'000
Not past due	4,795
Less than 3 months past due	1,600
4 to 6 months past due	2
Over 6 months past due	390
At the end of the year	6,787

As at 31 March 2018, the Group's trade receivables that are neither past due nor impaired mainly represent sales made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures. No impairment is required for the past due balances based on the Group's assessment of their recoverability.

At 31 March 2019 and 2018, the trade receivables were denominated in the following currencies:

	2019 **HK$'000**	2018 HK$'000
RMB	**–**	295
United States dollars ("USD")	**53,404**	95
HK$	**39,441**	6,393
British Pound ("GBP")	**5**	4
	92,850	6,787

24. LOAN AND INTEREST RECEIVABLES

	2019 HK$'000	2018 HK$'000
Loan receivables	**63,074**	50,000
Interest receivables	**1,981**	3,994
Less: allowance for credit losses	**(654)**	–
	64,401	53,994
Less: non-current portion	**(60,920)**	(50,000)
	3,481	3,994

Included in the gross balances are loans of approximately HK$61,574,000 which was secured by unlisted equity shares of some PRC companies provided by the customers (2018: approximately HK$50,000,000 secured by corporate guarantee from independent third parties and listed shares in Hong Kong).

At 31 March 2019, the loan receivables arising from Money Lending business bear fixed interest rate ranging from 10%-18% per annum on principal amount, repayable quarterly (2018: 20%). The effective interest rates of the loan receivables are ranging from 10.4%-18% (2018: 20%) per annum.

The maturity profile of these loan and interest receivables from customers, at the end of the reporting period, analysed by remaining periods to their contracted maturity, is as follow:

	2019 HK$'000	2018 HK$'000
Repayable:		
Within 3 months	**1,981**	–
Over 3 months but less than 1 year	**1,500**	3,994
Over 1 year but less than 2 years	**60,920**	50,000
	64,401	53,994

During the year, loans with aggregated principal amount of HK$50,000,000 which were scheduled to be repaid in August 2019 has been early repaid. The Group has made new loans with aggregated principal amount of HK$63,074,000 during the year.

Details of impairment assessment of loan and interest receivables for the year ended 31 March 2019 are set out in note 44.

24. LOAN AND INTEREST RECEIVABLES (continued)

The past due ageing of the loan and interest receivables are as follow:

	2019 HK$'000	2018 HK$'000
Neither past due nor impaired	**64,401**	53,994

(i) Based on the evaluation of collectability, the value of pledged assets and aged analysis of accounts, the management assessed that the amount is expected to be recovered.

The fair value of the Group's loan and interest receivables, determined based on the present value of the estimated future cash flows discounted using the applicable interest rate at the end of reporting period, approximates to the carrying amount of the loan and interest receivables.

The loan receivables outstanding as at 31 March 2019 and 2018 are denominated in Hong Kong dollars ("HK$").

25. STATUTORY DEPOSITS

	2019 HK$'000	2018 HK$'000
Statutory deposits	**205**	205

Statutory deposits represent deposits with The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited. They are non-interest bearing.

26. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

	2019 HK$'000	2018 HK$'000
Other receivables	**28**	27
Prepayments	**211**	28
Deposits paid	**1,959**	2,235
	2,198	2,290
Deduct: non-current portion	**(1,031)**	(377)
	1,167	1,913

27. CLIENT TRUST BANK BALANCE

The Group receives and holds monies deposited by clients and other institutions in the course of the conduct of the regulated activities of securities brokerage. These clients' monies are maintained in one trust bank account. The Group has recognised the corresponding trade payables to respective clients (Note 31).

28. CASH DEPOSITS HELD BY SECURITIES BROKERS AND BANK BALANCES AND CASH

Bank balances and cash and cash deposits held by securities brokers comprise cash held by the Group and deposits with banks and securities brokers with an original maturity of three months or less. These deposits carry interest at market rates at 0.125% (2018: ranging from 0.001% to 0.01%) per annum.

At 31 March 2019 and 2018, the cash deposits held by securities brokers were denominated in HK$.

At 31 March 2019 and 2018, the bank balances and cash were denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
RMB	**35**	26
USD	**1,214**	128
HK$	**11,279**	5,384
	12,528	5,538

29. OTHER CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities

The following table details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classifies in the Group's consolidated statement of cash flows statement as cash flows from financing activities.

	Unconvertible bonds HK$'000 (Note 37)	Loan and interest payables HK$'000 (Note 32)	Total HK$'000
At 1 April 2018	10,158	1,853	12,011
Changes from financing cash flows:			
Proceeds from loan payables	–	5,000	5,000
Repayments of loan payables	–	(1,650)	(1,650)
Interest paid	(500)	(117)	(617)
Total changes from financing cash flows	**9,658**	**5,086**	**14,744**
Other changes:			
Interest expenses (Note 9)	500	295	795
Total other changes	500	295	795
At 31 March 2019	**10,158**	**5,381**	**15,539**

29. OTHER CASH FLOW INFORMATION (continued)

	Unconvertible bonds HK$'000 (Note 37)	Promissory notes payable HK$'000 (Note 34)	Loan and interest payables HK$'000 (Note 32)	Total HK$'000
At 1 April 2017	30,736	143,070	–	173,806
Changes from financing cash flows:				
Proceeds from loan payable	–	–	1,800	1,800
Repayments of promissory notes payable	–	(83,694)	–	(83,694)
Repayments of unconvertible bonds	(20,000)	–	–	(20,000)
Interest paid	(1,264)	(10,306)	–	(11,570)
Total changes from financing cash flows	(21,264)	(94,000)	1,800	(113,464)
Other changes:				
Interest expenses (Note 9)	686	2,470	53	3,209
Repayments of promissory notes payable by issue of shares	–	(56,671)	–	(56,671)
Loss on settlement of promissory notes	–	5,131	–	5,131
Total other changes	686	(49,070)	53	(48,331)
At 31 March 2018	10,158	–	1,853	12,011

30. ASSETS CLASSIFIED AS HELD FOR SALE

As disclosed in Note 19, the Group entered into two agreements for the disposal of interest in an associate.

On 21 June 2018, approximately 23.53% of interest in an associate was transferred to assets classified as held for sale with carrying amount of approximately HK$94,116,000. As at the date of this annual report, the disposal was not yet completed. Deposits of HK$42,300,000 has been received for the disposal up to the date of this annual report. Among HK$42,300,000, HK$14,800,000 were received and included in "Other payables and accruals" as at 31 March 2019. Details of the disposal is set out in the Company's announcements on 21 June 2018, 13 July 2018, 3 August 2018, 24 August 2018, 18 February 2019, 30 April 2019, 31 May 2019, 28 June 2019 and circular on 14 September 2018. The net proceeds of this disposal are expected to exceed the carrying amount and accordingly, no impairment loss has been recognised.

On 28 February 2019, the remaining interest in an associate (approximately 25.88% of interest in an associate) was transferred to assets classified as held for sale with carrying amount of approximately HK$102,492,000. As at the date of this annual report, the disposal was not yet completed. Deposit of HK$8,000,000 has been received up to the date of this annual report. Details of the disposal is set out in the Company's announcements on 28 February 2019, 21 March 2019, 25 April 2019, 24 May 2019 and circular on 24 June 2019. The net proceeds of this disposal are expected to be below the carrying amount and accordingly, an impairment loss of approximately HK$22,492,000 has been recognised by the group and charged to profit or loss for the year ended 31 March 2019.

31. TRADE PAYABLES

	2019 HK$'000	2018 HK$'000
Amounts payable arising from securities broking:		
Clearing house (note a)	1,495	232
Cash clients (note b)	18,178	103
Other trade payables (note c)	72,392	–
	92,065	335

Note:

(a) The settlement terms of amounts payable to clearing house arising from securities broking are two trade days after the trade execution date. The balance is aged within 30 days.

(b) Amounts payable to cash clients are repayable on demand. No aged analysis is disclosed as, in the opinion of the management, the aged analysis does not give additional value in view of the nature of the business.

(c) Other trade payables related to Design, OEM and Marketing of Jewellery business with credit period on purchase of goods ranges from 90 to 180 days (2018: ranges from 60 to 90 days) included in the balances, approximately HK$29,533,000 (2018: Nil) was aged within 3 months and remaining HK$42,859,000 (2018: Nil) was aged between 4-6 months base on invoice date.

At 31 March 2019 and 2018, the trade payables were denominated in HK$ and the carrying amounts of trade payable approximate to their fair value.

32. LOAN AND INTEREST PAYABLES

	2019 HK$'000	2018 HK$'000
Unsecured loans	5,150	1,800
Accrued interest	231	53
	5,381	1,853

Note:

(a) At 31 March 2019, the unsecured loans are dominated in HK$, with principal of HK$550,000 and HK$4,600,000 bearing fixed interest rate at 5% and 10.5% (2018: principal of HK$800,000 and HK$1,000,000 bearing fixed interest rate at 5% and 10%) per annum respectively. The maturity of unsecured loans amounting HK$550,000 and HK$4,600,000 with the accrued interest are repayable on demand and repayable in November 2019 respectively.

(b) The unsecured loan, with principal of HK$550,000 (2018: HK$800,000) and accrued interest of approximately HK$40,000 (2018: HK$2,000) was financed by the former director, Chen Tong.

33. OTHER PAYABLES AND ACCRUALS

	2019	2018
	HK$'000	HK$'000
Other accrued charges and payables	**4,389**	18,871
Contract liabilities (Note(a))	**355**	–
Receipt in advance	**–**	454
Deposits received (Note(b))	**14,800**	–
	19,544	19,325

As at 31 March 2019 and 2018, all of the other payables and accruals are expected to be settled or recognised as income within one year or are payable on demand.

Note

(a) Movements in contract liabilities

	2019
	HK$'000
Balance at 1 April 2018	**–**
Increase in contract liabilities as a result of billing in advance of asset management income	**355**
Balance at 31 March 2019	**355**

Asset management income from Financial Services business

When the Group signs service agreement with customer and receives a deposit before rendering the services, this will give rise to contract liabilities at the time of deposit received, The contract liabilities would be transferred and recognised as income at the point the services are rendered to the customers.

(b) The amount wholly represents the deposit received for disposal of 23.53% of remaining interest in an associate, which is approximately 13.96% of the consideration (Note 30).

34. PROMISSORY NOTES PAYABLE

(a) Promissory notes issued on 18 September 2015 (the "Note A")

On 18 September 2015, the Company issued promissory notes with the aggregate principal amount of HK$30,000,000 as the consideration for the acquisition of 100% of the issued share capital in Elite Honest. The notes are unsecured, carry interests at 8% per annum and are wholly payable on the date which is 24 months after the date of the issue of promissory notes.

At 1 April 2017, the promissory note with the principal amount of HK$30,000,000 remained outstanding. Subsequent to 1 April 2017, the Company settled the promissory note with principal amount of HK$30,000,000 together with accrued interest thereon of approximately HK$5,181,000 by issue of 87,000,000 settlement shares (note 35(a)). Loss on settlement of promissory amounting approximately HK$1,358,000 was charged to profit or loss for the year ended 31 March 2018.

The fair value of the Note A at the date of issue was estimated to be HK$30,000,000, based on the effective interest rate of 8% per annum.

34. PROMISSORY NOTES PAYABLE (continued)

(b) Promissory notes issued on 29 January 2016 (the "Note B")

On 29 January 2016, the Company issued promissory notes with the aggregate principal amount of HK$100,000,000 as the consideration for the acquisition of 39.41% of the issued share capital in Pure Power. The notes are unsecured, carry interests at 8% per annum and are wholly payable on the date which is 12 months after the date of the issue of promissory notes. During the year ended 31 March 2017, the repayment date has been extended and the Note B should be fully repaid during the year ended 31 March 2018.

At 1 April 2017, the promissory note with the principal amount of HK$100,000,000 remained outstanding. Subsequent to 1 April 2017, the Company repaid the promissory note with principal amount of HK$100,000,000 together with accrued interest thereon of approximately HK$10,358,000 for an aggregate cash consideration of HK$94,000,000 and issue of 62,910,000 settlement shares (note 35(a)). Loss on settlement of promissory amounting approximately HK$3,773,000 was charged to profit or loss for the year ended 31 March 2018.

The fair value of the Note B at the date of issue was estimated to be HK$100,000,000, based on the effective interest rate of 8% per annum.

Movements of the promissory notes payable during the year are as follows:

	Note A HK$'000	**Note B** HK$'000	**Total** HK$'000
At 1 April 2017	33,689	109,381	143,070
Interest charged for the year (Note 9)	1,493	977	2,470
Settlement of promissory notes and interests thereof	(36,540)	(114,131)	(150,671)
Loss on settlement of promissory notes (Note 7)	1,358	3,773	5,131
At 31 March 2018, 1 April 2018 and 31 March 2019	–	–	–

35. SHARE CAPITAL

	Number of shares '000	Nominal amount HK$'000
Ordinary shares of HK$0.1 each at 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	**10,000,000**	**1,000,000**

	Number of shares '000	Nominal amount HK$'000
Issued and fully paid:		
Ordinary shares of HK$0.1 each at 1 April 2017	374,229	37,423
Issues of shares upon settlement of promissory note (Note a)	149,910	14,991
Ordinary shares of HK$0.1 each at 31 March 2018 and 1 April 2018	524,139	52,414
Exercise of share options (Note b)	43,714	4,371
Ordinary shares of HK$0.1 each at 31 March 2019	**567,853**	**56,785**

Notes:

(a) On 11 July 2017, the Company entered into the deed of settlement with the Promissory Notes Holder, pursuant to which the Company has agreed to settle the outstanding amount of promissory notes and accrued interests thereon by issue of 62,910,000 settlement shares at the issue price of HK$0.26 per settlement share to the promissory notes holder or its nominee. The settlement shares were issued under the general mandate and allotted on 24 July 2017 at fair value of shares on the same day of HK$0.32 per share.

On 31 October 2017, the Company further entered into the deed of settlement with another Promissory Notes Holder, pursuant to which the Company has agreed to settle the outstanding amount of promissory notes and accrued interests thereon by issue of 87,000,000 settlement shares at the issue price of HK$0.4 per settlement share. The settlement shares were issued under the general mandate and allotted on 13 November 2017 at fair value of shares on the same day of HK$0.42 per share.

(b) During the year ended 31 March 2019, 43,713,860 options were exercised at the exercise price of HK$0.35 per share, resulting in the issue of 43,713,860 new shares of HK$0.1 each. Proceeds generated from exercising the share options amounted of HK$15,299,000. HK$4,371,000 was credited to share capital, HK$18,112,000 was credited to share premium account, HK$7,184,000 was fully debited to share option reserve.

All the new ordinary shares issued and allotted during both of the years presented rank pari passu in all respect with the then existing ordinary shares of the Company.

36. SHARE OPTION SCHEME

On 30 August 2011, the Company adopted a new share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 4 September 2018, the scheme mandate limits of the Scheme were refreshed and renewed (the "Refreshment").

A summary of the Scheme of the Company is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the "Invested Entity").
Eligible participants	(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company or any of its subsidiaries or Invested Entity; (ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.
Total number of ordinary shares available for issue under the Scheme and the percentage of the issued share capital that it represents as at the date of this annual report	On 5 March 2019, the Company has granted 56,785,250 share options to employees, which enable the grantees to subscribe for a total of 56,785,250 ordinary shares in the share capital of the Company, representing 10% of the issued share capital after the Refreshment. No further ordinary shares are available for issue under the Scheme as at the date of this annual report.
Maximum entitlement of each eligible participant	Where any grant or further grant of options to an eligible participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting.

36. SHARE OPTION SCHEME (continued)

	Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the relevant class of shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000, such grant or further grant of options must be approved by the shareholders in a general meeting.
Period within which the securities must be taken up under an option	An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the Scheme.
Minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.
Amount payable on acceptance of the option and the period within which such payment must be made	The offer of a grant of share options may be accepted within 28 days from the date of offer with a consideration of HK$1.00 being payable by the grantee.
Exercise price	Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of an ordinary share.
Remaining life of the Scheme	The Scheme will remain in force until 29 August 2021, subject to the provisions for early termination set out in the Scheme.

36. SHARE OPTION SCHEME (continued)

Details of the share options granted by the Company pursuant to the Scheme and the movement of the share options for the year ended 31 March 2019 were shown as follows:

Grantee	Date of grant	Exercisable period	Closing price immediately before date of grant	Exercise price per share	Outstanding as at 1 April 2018	Granted	Exercised	Outstanding as at 31 March 2019
Director								
Ms. Zhou Yaying	3/7/2018	3/7/2018 to 2/7/2028	HK$0.30	HK$0.35	–	4,371,386	(4,371,386)	–
Employees	3/7/2018	3/7/2018 to 2/7/2028	HK$0.30	HK$0.35	–	39,342,474	(39,342,474)	–
Employees	5/3/2019	5/3/2019 to 4/3/2020	HK$0.305	HK$0.36	–	56,785,250	–	56,785,250
Total					–	100,499,110	(43,713,860)	56,785,250

Notes:

(i) As at 31 March 2019, 56,785,250 (2018: Nil) share options were exercisable.

(ii) The share options outstanding at 31 March 2019 had an exercisable price of HK$0.360 (2018: Nil) and a weighted average remaining contractual life of 0.93 years (2018: Nil).

(iii) In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HK$0.360.

(a) Fair value of share options and assumptions

The weighted average fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option-Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

	Granted on 3 July 2018	Granted on 5 March 2019
Weighted average fair value of measurement date	HK$0.164	HK$0.061
Closing price of the shares at grant date	HK$0.300	HK$0.315
Exercise price	HK$0.350	HK$0.360
Expected volatility	66.25%	63.21%
Option life	10 years	1 year
Risk-free interest rate	2.20%	1.46%
Expected dividend yield	0%	0%

The expected volatility is based on the historic volatility. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

36. SHARE OPTION SCHEME (continued)

(b) The fair value of the share options granted under the Scheme of approximately HK$10,647,000 (2018: Nil) was recognised in equity-settled share-based payment expenses and the share option reserve of the Group during the year.

37. UNCONVERTIBLE BONDS

Movements in the unconvertible bonds during the year are as follows:

	2019 **HK$'000**	2018 HK$'000
At the beginning of the year	**10,158**	30,736
Repayment during the year	**–**	(20,000)
Interest charges for the year (Note 9)	**500**	686
Interest paid during the year	**(500)**	(1,264)
At the end of the year	**10,158**	10,158

In July 2012 and October 2012, the Company issued unconvertible bonds with the aggregate principal amounts of HK$20,000,000 giving rise to total proceeds of HK$20,000,000. The unconvertible bonds, which are unsecured and carry interest at 5% per annum, are wholly repayable by the Company on the maturity date of 31 May 2017 at the principal amount. At 1 April 2017, the unconvertible bonds with the principal amount of HK$20,000,000 was remained outstanding. Subsequent to 1 April 2017, the Company repaid the unconvertible bonds with principal amount of HK$20,000,000 together with accrued interest thereon of approximately HK$764,000 for a cash consideration of approximately HK$20,764,000. The effective interest rate of the unconvertible bonds ranged from 5.55% to 5.65% per annum.

In December 2016, the Company issued a new unconvertible bond with the aggregate principal amounts of HK$10,000,000 giving rise to total proceeds of HK$10,000,000 which provides working capital to the Group. The principal amount of unconvertible bond, which is unsecured and carries interest at 5% per annum, are wholly repayable by the Company on the maturity date of 5 December 2023. At 31 March 2019, the unconvertible bond with the principal amount of HK$10,000,000 (2018: HK$10,000,000) remained outstanding. The effective interest rate of the unconvertible bond in respect of the year is 4.92% per annum (2018: 4.92% per annum).

	2019 **HK$'000**	2018 HK$'000
Represented by:		
– Current	**–**	–
– Non-current	**10,158**	10,158
	10,158	10,158

38. DEFERRED TAXATION

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current year.

	Fair value adjustment on business combination HK$'000	Unused tax losses HK$'000	ECL provision HK$'000	Total HK$'000
At 1 April 2017	(2,297)	–	–	(2,297)
Credit to profit or loss	–	2,820	–	2,820
At 31 March 2018 and 1 April 2018	(2,297)	2,820	–	523
Credit to profit or loss	946	(958)	474	462
At 31 March 2019	(1,351)	1,862	474	985

	2019 HK$'000	2018 HK$'000
Deferred tax assets recognized	**985**	523

At the end of the reporting period, the Group had unused tax losses of approximately HK$27,606,000 (2018: approximately HK$20,640,000) available for offset against future profits. The tax losses have no expiry date under current tax legislation.

39. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance ("MPF Schemes") for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% of the employee's relevant monthly income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The employees of PRC subsidiaries of the Company are members of state-managed retirement benefits schemes operated by the PRC Government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were recognised for the year ended 31 March 2019 (2018: Nil) and there were no material forfeitures available to reduce the Group's future contributions as at 31 March 2019 and 2018.

40. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group rented certain office premises under operating lease arrangements, with the leases negotiated for a term within one to three years (2018: within one to three years).

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

	2019 **HK$'000**	2018 HK$'000
Within one year	**3,308**	1,240
Later than one year and within five years	**1,681**	121
	4,989	1,361

41. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2018, the Group redeemed outstanding promissory notes with aggregate principal and interest amounted to approximately HK$145,540,000 which was settled as to HK$94,000,000 by cash and approximately HK$56,671,000 by issue of the Company's shares (note 35(a)). The loss on settlement of promissory notes of approximately HK$5,131,000 was recognised in profit or loss during the year ended 31 March 2018 (note 7).

(b) During the year ended 31 March 2018, the Group (as subscriber) entered into the subscription agreement with the fund company pursuant to which the Group made the subscription of specific shares in the equity investment fund. On 21 June 2017, the investment and payment for the subscription was settled by the transfer of equity securities listed in Hong Kong, at market value of approximately HK$260,298,000 to the fund company upon entering into the subscription agreement. Realised gain of approximately HK$79,814,000 in relation to the transfer of equity securities to the equity investment fund was recognised by the Group and recognised in profit or loss for the year ended 31 March 2018.

(c) During the year ended 31 March 2019, the Group had no major non-cash transaction.

42. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties:

Compensation of key management personnel of the Group, who were the directors of the Company, are as follows:

	2019 **HK$'000**	2018 HK$'000
Short-term employee benefits	**1,852**	2,063
Post-employment benefits	**33**	19
Equity-settled share-based payment expense	**777**	–
Total compensation paid to key management personnel	**2,662**	2,082

The remuneration of directors is determined by the Remuneration Committee and having regard to the performance of individuals and market trends.

Further details of directors' emoluments are included in Note 11.

43. CAPITAL RISK MANAGEMENT

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

The Group reviews the capital structure periodically. As a part of this review, the Group considers costs of capital, its borrowing covenant obligations and the risks associated with issued share capital and may adjust its overall capital structure through the drawn down of bank borrowings, the repayment of existing borrowings or the adjustment of dividend to shareholders.

The capital structure of the Group consists of net debt and equity attributable to owners of the Company. Net debt includes loan and interest payables and unconvertible bonds less the aggregate of cash deposits held by securities brokers and bank balances and cash. Equity attributable to owners of the Company includes issued share capital and reserves.

All licensed corporations within the Group complied with their required liquid capital during the years ended 31 March 2019 and 2018.

During the year ended 31 March 2019, the Group's strategy, which was unchanged from prior year, was to maintain the debt equity ratio to be in a net cash position. The net debts as at 31 March 2019 and 2018 were as follows:

	2019 **HK$'000**	2018 HK$'000
Loan and interest payables	**5,381**	1,853
Unconvertible bonds	**10,158**	10,158
Less: Cash deposits held by securities brokers and bank balances and cash	**(12,528)**	(5,538)
Net debt	**3,011**	6,473
Equity attributable to owners of the Company	**312,282**	337,849
Capital and net debt	**315,293**	344,322
Gearing ratio	**0.95%**	1.89%

44. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The carrying amount of the Group's financial assets and liabilities as recognised at the end of each reporting period are categorised as follows:

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at FVTPL	**40,339**	–
Financial assets at FVTOCI (2018: Available-for-sale investments)	**–**	59,044
Financial assets at amortised cost (2018: Loan and receivables)		
Trade receivables	**92,850**	6,787
Loan and interest receivables	**64,401**	53,994
Other receivables and deposits paid	**2,192**	2,467
Cash deposits held by securities brokers	**1**	1
Client trust bank balance	**18,178**	103
Bank balances and cash	**12,527**	5,537
	230,488	127,933
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	**92,065**	335
Loan and interest payables	**5,381**	1,853
Other payables and accruals	**4,744**	19,325
Unconvertible bonds	**10,158**	10,158
	112,348	31,671

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, financial assets at FVTOCI, available-for-sale investments, trade receivables, loan and interest receivables, other receivables and deposits paid, cash deposits held by securities brokers, client trust bank balance, bank balances and cash, trade payables, loan and interest payables, other payables and accruals and unconvertible bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group does not enter into trade derivative instruments for speculative purposes. There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

44. FINANCIAL INSTRUMENTS (continued)

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

Market risk

(i) Currency risk

Currency risk refers to the risk associated with movements in foreign currency rates which will affect the Group's financial results and its cash flows. Management considers that the Group is not exposed to significant foreign currency risk as the majority of its operations are transacted in Hong Kong with USD and their functional currency of HK$.

For the two years ended 31 March 2019 and 2018, the Group mainly earned revenue in HK$, USD and RMB and incurred costs in HK$ and RMB. Although the Group currently does not have any foreign currency hedging policies, it manages its currency exposure by ensuring that the revenue earned in HK$ and RMB are used to pay for HK$ and RMB denominated costs respectively. Funds raised from financing activities which are mainly in HK$ are used to pay for HK$ expenses.

The monetary assets and monetary liabilities of the Group at the end of reporting date denominated in currencies other than functional currencies of the related entities are as follows:

	2019 **HK$'000**	2018 HK$'000
Assets		
USD	**53,564**	223
GBP	**5**	4
	53,569	227
Liabilities		
USD	**750**	–
	750	–

The Group is mainly exposed to the foreign exchange risk of USD. Under the pegged exchange rate system, the financial impact on exchange difference between HK$ and USD will be immaterial as most USD denominated monetary assets and liabilities are held by group entities having HK$ as their functional currency, and therefore no sensitivity analysis has been prepared.

44. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

(ii) Other price risk

At 31 March 2019 and 2018, the Group was mainly exposed to equity price risk arising from equity investment fund classified at financial assets at fair value through profit or loss and available-for-sales investment respectively. The Group's equity price risk is mainly concentrated on equity securities quoted on the Hong Kong Stock Exchange. The management manages this exposure by maintaining the equity investment fund which include portfolio of investments with different risk and return profiles.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices have been 5% higher/lower, loss before tax for the year ended 31 March 2019 would decrease/increase by approximately HK$2,017,000. The sensitivity analysis indicated the instantaneous change in the Group's loss before tax that would arise assuming the changes in the relevant stock price had occurred at the end of the reporting period and had been applied to re-measure the equity investment fund held by the Group which exposed the Group to equity price risk at the reporting date.

(iii) Fair value and cash flow interest rate risk

The Group has loan receivables, client trust bank balance, bank balances, loan payables and unconvertible bonds which bear interest and are therefore exposed to interest rate risk. Client trust bank balance and bank balances bearing at variable rates expose the Group to cash flow interest rate risk. Loan receivables, loan payables, and unconvertible bonds bearing at fixed rates expose the Group to fair value interest rate risk. During the year, the Group has not hedged its cash flow and fair value interest rate risk. The management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Assuming the client trust bank balance and bank balances with variable rates outstanding at the end of the reporting period were outstanding for the whole year if interest rates had increased by 100 basis points (2018: 100 basis points) and all other variables held constant, there was a decrease in post-tax loss by approximately HK$307,000 (2018: a decrease by approximately HK$56,000). If interest rates had decreased by 100 basis points (2018: 100 basis points), there would be an equal but opposite impact on the results for the year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

44. FINANCIAL INSTRUMENTS (continued)

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

Credit risk

The carrying amounts of the trade receivables, other receivables and deposits paid, loan and interest receivables, cash deposits held by securities brokers, client trust bank balance and bank balance included in the consolidated statement of financial position represent 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. The Group manages the credit risk by setting up a team responsible for the determination of credit terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Group review the recoverable amount of each financial asset at the end of the reporting period to ensure that adequate impairment losses are recognised for irrecoverable amounts. Furthermore, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Before accepting any new borrower, the Group assesses the credit quality of each potential borrower and defines limits for each borrower. The Group also demands certain borrower to provide collaterals to the Group at the time when the loan agreement is entered into. The loan receivables from customers have been reviewed by management of the Company to assess impairment allowances which are based on the evaluation of collectability, ageing analysis of accounts and on management's judgement, including the current creditworthiness, the value of pledged assets and the past collection statistics of individually significant accounts or a portfolio of accounts on a collective basis.

To manage the risk arising from other receivables and rental deposits paid, the Group only transacts with reputable parties that have no default history and have a strong capacity to meet its contractual cash flow obligations in the near term. The credit risk on other receivables and rental deposits paid are limited. The management has assessed that the expected credit losses for other receivables and rental deposits paid are not significant.

As at 31 March 2019, the Group has concentration of credit risk as 29% (2018: 50%) of the total trade receivables were due from the Group's largest customer from Design, OEM and Marketing of Jewelry business (2018: Trading of Gold and Diamond business); and 88% (2018: 100%) of the total trade receivables were due from the Group's five largest customers from Design, OEM and Marketing of Jewelry business (2018: Trading of Gold and Diamond business).

As at 31 March 2019, the Group has concentration of credit risk as 49% (2018: 54%) of the total loan and interest receivables were due from the Group's largest customer.

The credit risk on liquid funds of bank deposits is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies and authorised banks in the PRC.

44. FINANCIAL INSTRUMENTS (continued)

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

Credit risk *(continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Other financial assets	Trade receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL	Lifetime ECL – not credit-impaired
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2019

Financial assets at amortised cost	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
				HK$'000	HK$'000
Loan and interest receivables	1	Low risk	Lifetime ECL – not credit-impaired	1,660	
		Low risk	12-month ECL	63,395	65,055
Trade receivables		Note 2	Lifetime ECL – not credit-impaired		95,724
Other receivables and deposits paid		Low risk	12-month ECL		2,192

Note

1 As the loans were bullet loans which interest and principal are repayable in total at the repayment date in August 2019. Although it was classified as low risk, lifetime ECL – not credit-impaired was considered.

2 For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix grouped by customer portfolio and past due status.

44. FINANCIAL INSTRUMENTS (continued)

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

Credit risk *(continued)*

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience show significantly different loss patterns for different customer portfolio (including higher risk and normal risk), the provision for loss allowance based on past due status is further distinguished between the Group's customer portfolio different risk type. A loss allowance of approximately HK$2,874,000 was recognized as at 31 March 2019.

As at 31 March 2019

High risk type customers	Expected loss rate	Gross carrying amount	Loss allowance
	%	HK$'000	HK$'000
Not yet past due	4.42	52,317	2,311
Less than 3 months past due	8.62	5,974	515
		58,291	2,826

Normal risk type customers	Expected loss rate	Gross carrying amount	Loss allowance
	%	HK$'000	HK$'000
Not yet past due	0.08	22,658	17
Less than 3 months past due	0.18	9,979	18
4 to 6 months past due	0.27	4,796	13
		37,433	48

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effect. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

44. FINANCIAL INSTRUMENTS (continued)

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

Credit risk *(continued)*

(i) The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 31 March 2018 under HKAS 39	–	166	166
Adjustment upon application of HKFRS 9	–	–	–
As at 1 April 2018 – restated	–	166	166
Uncollectible amount written off	–	(166)	(166)
Impairment loss recognised	2,874	–	2,874
As at 31 March 2019	2,874	–	2,874

During the year ended 31 March 2019, the Group provided approximately HK$2,874,000 loss allowance for trade receivables based on provision matrix.

Changes in the loss allowance for trade receivables are mainly due to:

	31 March 2019 Increase in lifetime ECL Not credit-impaired HK$'000
Increase in gross carrying amount of trade receivables	**2,874**

44. FINANCIAL INSTRUMENTS (continued)

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

***Credit risk** (continued)*

(ii) The following table shows the reconciliation of loss allowances that has been recognised for loan and interest receivables.

	12-month ECL HK$'000	Total HK$'000
As at 31 March 2018 under HKAS 39	–	–
Adjustment upon application of HKFRS 9	–	–
As at 1 April 2018 – restated	–	–
Impairment loss recognised	654	654
As at 31 March 2019	654	654

Changes in the loss allowance for loan and interest receivables are mainly due to:

	31 March 2019 Increase in 12-month ECL HK$'000
Advance of new loans receivables	**654**

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it meets the liquidity requirements in the short and longer term.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of an adequate amount of committed credit facilities. Management aims to maintain flexibility in funding by keeping credit lines available.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities in accordance with the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

44. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk *(continued)*

	Within 3 months or on demand HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2019						
Non-derivative financial liabilities						
Trade payables	92,065	–	–	–	92,065	92,065
Loan and interest payables	591	5,083	–	–	5,674	5,381
Other payables and accruals	4,744	–	–	–	4,744	4,744
Unconvertible bonds	–	500	12,000	–	12,500	10,158
	97,400	5,583	12,000	–	114,983	112,348
As at 31 March 2018						
Non-derivative financial liabilities						
Trade payables	335	–	–	–	335	335
Loan and interest payables	1,853	–	–	–	1,853	1,853
Other payables and accruals	19,325	–	–	–	19,325	19,325
Unconvertible bonds	–	500	2,000	10,500	13,000	10,158
	21,513	500	2,000	10,500	34,513	31,671

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to meet the liquidity requirement. In order to improve the Group's liquidity, the Group implemented or is in the process of implementing the following measure:

– The Group is taking measures to tighten cost controls over administrative and other operating expenses aiming at improving the working capital and cash flow position of the Group including closely monitoring the daily operating expenses.

44. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table presents the fair value of the Group's financial instrument measured at the ended of the reporting period on a recurring basis, categorised 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.

Included in the Group's financial asset is equity investment fund which is measured at fair value at the end of the reporting period. The following table gives information about how the fair value of this financial asset is determined, in particular, the valuation technique(s) and input used. The Group had no financial liabilities which are measured at fair value at the end of the reporting period.

	Fair value as at 31 March		**Fair value hierarchy**	**Valuation technique(s) and key input**
	2019 HK$'000	2018 HK$'000		
Financial assets				
Equity investment fund (Note 20)	**40,339**	59,044	Level 2	Net asset values of the underlying assets. The net asset values were determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses

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

44. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement (continued)

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Investments in subsidiaries	a	**24,982**	26,240
Interest in an associate		**–**	198,290
Available-for-sale investments		**–**	–
		24,982	224,530
Current assets			
Other receivables, prepayments and deposits paid		**30**	50
Amounts due from subsidiaries	b	**131,743**	151,091
Tax recoverable		**–**	389
Cash deposits held by securities brokers		**1**	1
Bank balances and cash		**907**	119
		132,681	151,650
Assets classified as held-for-sale		**174,116**	–
		306,797	151,650
Current liabilities			
Loan and interest payables		**5,381**	1,853
Other payables and accruals		**16,246**	16,725
Income tax payable		**308**	–
Amount due to subsidiary	b	**1,317**	2,181
		23,252	20,759
Net current assets		**283,545**	130,891
Total assets less current liabilities		**308,527**	355,421
Non-current liabilities			
Unconvertible bonds		**10,158**	10,158
		298,369	345,263

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Notes	2019 HK$'000	2018 HK$'000
Capital and reserves			
Share capital		**56,785**	52,414
Share premium and reserves	c	**241,584**	292,849
		298,369	345,263

(a) Investments in subsidiaries

	2019 HK$'000	2018 HK$'000
Unlisted investments, at cost	**93,673**	93,673
Less: Impairment losses recognised	**(68,691)**	(67,433)
	24,982	26,240

(b) Amounts due from/(to) subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand, except for the loan made to a subsidiary with carrying amount of approximately HK$53,600,000, which is unsecured, interest charged at negotiated terms and repayable on demand.

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(c) Share premium and reserves

	Share premium HK$'000	Contributed surplus HK$'000 (Note)	Investments revaluation reserve HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
1 April 2017	2,601,203	62,604	307,741	464	–	(1,998,403)	973,609
Loss for the year	–	–	–	–	–	(414,679)	(414,679)
Other comprehensive expense							
Reclassification adjustments for gains on disposal of available-for-sale investments included in profit or loss	–	–	(307,741)	–	–	–	(307,741)
Total comprehensive expense for the year	–	–	(307,741)	–	–	(414,679)	(722,420)
Settlement on promissory notes by issue of shares	41,680	–	–	–	–	–	41,680
Share issue expenses	(20)	–	–	–	–	–	(20)
At 31 March 2018 and 1 April 2018	2,642,863	62,604	–	464	–	(2,413,082)	292,849
Loss for the year	–	–	–	–	–	(72,825)	(72,825)
Total comprehensive expense for the year	–	–	–	–	–	(72,825)	(72,825)
Grant of share options	–	–	–	–	10,647	–	10,647
Issue of shares upon exercise of share options	18,112	–	–	–	(7,184)	–	10,928
Share issue expenses	(15)	–	–	–	–	–	(15)
At 31 March 2019	**2,660,960**	**62,604**	**–**	**464**	**3,463**	**(2,485,907)**	**241,584**

Note: The contributed surplus of the Company at 31 March 2019 and 31 March 2018 represents the excess of the fair value of the subsidiaries acquired pursuant to the reorganisation in 1994, over the nominal value of the Company's shares issued for their acquisition. Under the Companies Act of Bermuda, the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital.

46. SUBSIDIARIES

The following list contains only the particulars of subsidiaries which, in the opinion of the directors, principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Details of the Group's principal subsidiaries at the end of the reporting period:

Name of company	Place of incorporation/ establishment	Class of share held	Issued share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held		Principal activities
				Directly		Indirectly				
				2019 %	2018 %	**2019** %	2018 %	**2019** %	2018 %	
Golden Fair Holdings Limited	Hong Kong	Ordinary shares	HK$1	**100**	100	**–**	–	**100**	100	Investment holding
Long Great International Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Investment holding
Greenland Holdings Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Investment holding
Ritz Services (HK) Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Provision of internet online services relating to product sales and marketing and web maintenance
Orient Time Investment Limited	Hong Kong	Ordinary shares	HK$1	**100**	100	**–**	–	**100**	100	Securities investment
Great Luck Finance Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Provision of loan as money lending
H & S Creation Limited	Hong Kong	Ordinary shares	HK$100	**–**	–	**100**	100	**100**	100	Design, OEM and Marketing of Jewelry
First Fidelity Capital (International) Limited (formerly known as C.E. Securities and Asset Management Limited)	Hong Kong	Ordinary shares	HK$31,150,000 (2018: HK$20,750,000)	**–**	–	**100**	100	**100**	100	Provision of financial advisory, intermediary and asset management services
Maiden Faith Capital Group Limited (formerly known as Gold Castle Group Limited)	BVI	Ordinary shares	USD100	**100**	100	**–**	–	**100**	100	Investment holding

47. EVENTS AFTER THE REPORTING PERIOD

In addition to those disclosed elsewhere in the consolidated financial statements, the following events took place subsequent to the end of the reporting period:

On 16 May 2019, the Company, as vendor, and Extra Nice Limited, Mr. Chan Kam Kong, Mr. Tong Siu Ting (director of disposed subsidiary) and BC Asia Group Limited (collectively as the "Purchasers") entered into four separate sales and purchase agreements, pursuant to which the Company has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the entire interest of Maiden Faith Capital Group Limited (formerly known as Gold Castle Group Limited), (wholly owned subsidiary of the Company) and its subsidiaries, which are engaged in Financial Services business, at a total consideration of HK$14,350,000.