WONDERFULSKY

皓天財經集團

WONDERFUL SKY FINANCIAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability) Stock Code: 01260

2019
ANNUAL REPORT

CONTENTS

FINANCIAL SUMMARY

	Year ended 31 March				
	2015	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Revenue	523,580	619,122	616,945	479,595	**651,393**
Profit before taxation	239,958	291,657	324,024	169,292	**195,761**
Taxation	(41,001)	(51,765)	(52,862)	(34,586)	**(34,248)**
Profit for the year	198,957	239,892	271,162	134,706	**161,513**

FINANCIAL SUMMARY

	At 31 March				
	2015	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	1,044,583	1,671,850	1,954,349	2,378,967	**1,932,610**
Total liabilities	(320,673)	(452,796)	(623,833)	(1,026,927)	**(434,582)**
	723,910	1,219,054	1,330,516	1,352,040	**1,498,028**
Equity attributable to owners of the Company	723,910	1,219,054	1,330,516	1,352,040	**1,498,028**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Liu Tianni *(Chairman and Chief Executive Officer)*
Liu Lin

Independent non-executive Directors
Li Ling Xiu
Lam Yim Kei, Sally
Lee Wing Sze, Rosa

AUDIT COMMITTEE

Lee Wing Sze, Rosa *(Chairman)*
Li Ling Xiu
Lam Yim Kei, Sally

NOMINATION AND REMUNERATION COMMITTEES

Li Ling Xiu *(Chairman)*
Liu Tianni
Lam Yim Kei, Sally
Lee Wing Sze, Rosa

COMPANY SECRETARY

Wong Yat Tung *HKICS* – resigned on 30 May 2018
Lau Kwok Yin *HKICPA* – appointed on 30 May 2018

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

9/F, The Center
No. 99 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Grand Pavilion
Hibiscus Way
802 West Bay Road
P.O. Box 31119
Grand Cayman KY1-1205
Cayman Islands

STOCK CODE

1260

COMPANY WEBSITE

http://www.wsfg.hk

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Wonderful Sky Financial Group Holdings Limited (the "**Company**", together with its subsidiaries collectively referred to as the "**Group**"), I am pleased to present all shareholders with our annual report of the Group for the year ended 31 March 2019.

RESULTS

The Group's profit for the year attributable to owners of the Company increased from approximately HK$134.7 million for the year ended 31 March 2018 to HK$161.5 million for the year ended 31 March 2019, representing an increase of approximately 19.9%.

FINAL DIVIDEND

In appreciation of our shareholders' support, the Directors recommended the payment of a final dividend of HK2.7 cents per share for the year ended 31 March 2019 to all shareholders whose names appear on the register of members of the Company at the close of business on 3 October 2019. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend is expected to be paid on or about 18 October 2019.

BUSINESS REVIEW

The Group's profit increased from approximately HK$134.7 million for the year ended 31 March 2018 to approximately HK$161.5 million for the year ended 31 March 2019, representing an increase of approximately 19.9%. The Group's revenue increased from approximately HK$479.6 million for the year ended 31 March 2018 to approximately HK$651.4 million for the year ended 31 March 2019, representing an increase of approximately 35.8%.

The Group's business consists of two major business segments, namely, the financial public relations service segment and the international roadshow service segment.

Financial public relation service segment

Our financial public relation services include (i) public relations services; (ii) investor relations services; (iii) financial printing services and (iv) capital markets branding. During the year ended 31 March 2019, this business segment delivered a turnover of approximately HK$526.9 million (2018: HK$371.3 million), representing an increase of approximately 41.9%. The profit of this business segment for the year ended 31 March 2019 was approximately HK$232.2 million (2018: HK$149.1 million), representing an increase of approximately 55.7%. The increase in revenue and profit of this business segment was attributed to an increase in the number of, as well as the proceeds from, large-scale initial public offerings in Hong Kong in the current year.

International roadshow service segment

Our international roadshow services include coordination, organisation and management of the overall logistics of roadshows for our clients. While we handle this for our clients, they would be able to focus on the presentation aspect of the roadshows. The revenue of this segment increased by approximately 15.0%, to approximately HK$124.5 million (2018: HK$108.3 million) for the year ended 31 March 2018, which was attributed to an increase in the number of as well as the proceeds from, large-scale initial public offering in Hong Kong in the current year.

Aside from the profit generated from the two business segments, the Group also generated investment income of HK$40.5 million (2018: HK$82.7 million) from its bonds for the year ended 31 March 2019. However, affected by performance of the global bond market, the Group made a loss of HK$35.3 million (2018: HK$5.2 million) from its disposals of bonds. The bonds comprise bonds listed on The Stock Exchange of Hong Kong Limited ("**HKEx**"), Singapore Exchange Securities Trading Limited ("**SGX**") or overseas exchanges. The Group takes a prudent approach on its investments and reviews their performance regularly. Details of the Group's debt instruments which exceeded 5% of total balance of debt instruments as at 31 March 2019 are as follows:

Bond issuer name	Listed on	Bond code	Coupon rate	Maturity date	Face value *US$*	Market value *HK$*	Coupon interest receivable *HK$*
Sunshine 100 China Holdings Limited	HKEx	XS1464644324	6.50%	11 August 2021	15,000,000	153,867,074	1,353,126
	SGX	XS1690385460	8.50%	27 September 2020	10,000,000	70,368,122	54,893
Xinyuan Real Estate Company Limited	SGX	XS1567240418	7.75%	28 February 2021	9,000,000	64,018,333	467,150
Gemstones International Limited	SGX	XS1643556670	8.50%	15 August 2020	5,000,000	37,196,988	417,206
Xinhu Zhongbao Company Limited	HKEx	XS1560668425	6.00%	1 March 2020	5,000,000	36,967,519	187,292
China South City Holdings Limited	SGX	XS1756727290	7.25%	25 January 2021	5,000,000	36,040,430	507,248
Hong Seng Limited	SGX	XS1610987445	7.88%	31 May 2020	4,000,000	30,573,208	813,750
	HKEx	XS1816213034	8.50%	1 May 2019	4,000,000	30,781,016	1,075,958

The remaining investments comprise 9 listed bond investments and 3 unlisted fund investment. The individual balance of these investments represent less than 5% of the total balance as at 31 March 2019.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow and banking facilities provided by banks in Hong Kong. The Group is financially sound and its cash position remains healthy. The Group's bank balances and cash as of 31 March 2019 amounted to approximately HK$158.9 million. Aside from placing deposits with commercial banks, the Group purchased principal guaranteed, short-term and low risk unlisted financial products so as to ensure the security and value of the capital. These products were offered and guaranteed by banks with good reputation. At 31 March 2019, the aggregate principal of these products amounted to HK$109.7 million (2018: HK$42.2 million) and their maturity dates were before 26 June 2019. The unguaranteed annualised rate of returns of these products ranged from 3.75% to 3.9% (2018: 3.1% to 4.5%). The Group takes a prudent approach in selecting financial products.

The Group's gearing ratio as at 31 March 2019 was 2.6% (2018: 56.2%), based on the short-term bank loans of the Group (net of bank balances and cash) and the equity attributable to equity holders of the Company. The significant decrease in the Group's gearing ration was due to the repayment of bank borrowings during the year. Management believes that the Group's bank balance, liquid assets value, operating inflow and available banking facilities are sufficient to fulfill the working capital requirements of the Group.

Exchange Rates Exposure

Most of the transactions of the Group were made in Hong Kong dollars, US dollars and Renminbi. As of 31 March 2019, the Group was not exposed to any material exchange risk on US dollars as the exchange rates of Hong Kong dollars and US dollars were relatively stable under the currency peg system. The Group does not currently have a hedging policy on Renminbi but its management monitors such exposure closely and will consider hedging such exposure should the need arise.

Pledge of assets

As at 31 March 2019, leasehold land and buildings amounted to approximately HK$655.8 million (31 March 2018: HK$644.7 million were pledged as securities for bank facilities). As at 31 March 2018, available-for-sale investments amounted to approximately HK$997.0 million and bank balances amounted to approximately HK$108.0 million were pledged as securities for bank facilities.

Contingent Liabilities

As at 31 March 2019, the Group had no contingent liabilities.

PROSPECTS

In the first half of 2018, there exist great uncertainties around domestic and overseas markets, enterprises faced severe pressure in their businesses amidst trade friction between China and the United States, downturn in the economy and financial de-leveraging, the aggregated factors hampered return on investment. At the same time, the Hong Kong Stock Exchange accepted material reforms, such as weighted voting right structure, further enhancing the dynamic of the IPO market and catapulted the fund raised in Hong Kong in 2018 to be the most fund raised in a stock exchange around the globe. Benefited from this, the Group maintained absolute leadership in market share within the Hong Kong IPO market.

Looking ahead, despite factors like trade friction between China and the United States and global economic slowdown pressuring the capital market, the Group remains optimistic about new Hong Kong stocks. It is believed that the optimization of the improved mechanisms on listing, favorable policies that attracts overseas enterprises from Europe and Southeast Asia, to conduct their listings in Hong Kong, and other related measures, will continue to solidify the position of Hong Kong as one of the most suitable places for listing worldwide.

In response to the ever-changing trend in the capital markets in both Hong Kong and mainland China, the Group dedicated to speeding up the construction of the management system and the persistent recruitment of high-quality talents, in order to provide more professional services for our clients.

While the Group is constantly updating and strengthening its database, it is also proactively building the "Wonderful Cloud" financial service platform Wonderful Cloud is leveraging on its offline advantages to provide 4 major value-adding services including information sharing, data storage and sharing and professional data analysis to capital market professionals, senior executives of listed companies and the general public. We believe Wonderful Cloud will not only help us to develop our online services, but also increase client loyalty and help our Group to expand geographically Wonderful Cloud (Phase 1) has been completed and is being put into trial operation The Group will complete phase 2 as soon as possible, which is going to provide even more services.

Looking ahead, despite the challenges and uncertainties in the market, the Group will continue to leverage on its experience, skillset and know-how with an aim to keep abreast of market trend, expand service offerings and implement other strategies so as to provide better services to customers and consolidate our leading position in the industry.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2019, the Group had 297 full-time employees. Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis and bonuses paid, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

CLOSURE OF REGISTER OF MEMBERS FOR THE ANNUAL GENERAL MEETING ("AGM")

The AGM of the Company will be held on 27 September 2019. The register of members of the Company will be closed from 24 September 2019 to 27 September 2019 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 23 September 2019.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDENDS

The register of members of the Company will be closed from 4 October 2019 to 8 October 2019 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 3 October 2019.

TOP-UP PLACING AND TOP-UP SUBSCRIPTION UNDER GENERAL MANDATE

The Company received net proceeds in the sum of approximately HK$423.0 million from the issue of new shares in its top-up placement in 2015. The top-up subscription was completed on 4 May 2015.

The net placement proceeds are intended to be used on a mobile internet professional service platform, the "Wonderful Cloud", which provides online to offline ("**O2O**") financial services to our customers and the public investment community. Wonderful Cloud is now in the process of being developed and is expected to go online in phases. Our intention is to develop Wonderful Cloud into a premier financial service platform. In accordance with the current plan, phase 1 has been officially launched through Apple's IOS and Android, the two main popular mobile systems, and phase 2 is expected to complete development during the year. Currently, the unutilised net proceeds are placed on short-term deposits and money market instruments with authorized financial institutions and licensed banks in Hong Kong and the PRC and available-for-sale investments. The Directors are of the opinion that the net proceeds will be applied in the coming years to their intended uses as set out in the Company's announcement dated 4 May 2015 on the website of the HKEx.

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

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

APPRECIATION

On behalf of the Board, I would like to thank all our staff for their dedication and contributions and our customers, suppliers, business associates and shareholders for their continuous support over the years.

Liu Tianni
Chairman

Hong Kong, 28 June 2019

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY

EXECUTIVE DIRECTORS

Mr. Liu Tianni (劉天倪), aged 55, is the Chairman and Chief Executive Officer of the Company and has been an executive Director since January 2011. He is also a director of all subsidiaries of the Group. He is primarily responsible for developing new business areas, and formulating the Group's developmental goals and strategies. Mr. Liu has over 20 years of experience in the financial investment sector, Mr. Liu obtained a master's degree in Science (理學碩士學位) from Beijing Normal University (北京師範大學) in 1990. Mr. Liu has been the President of The Listed Companies Council, Hong Kong Chinese Enterprises Association since 2015. Mr. Liu has been an independent non-executive Director of Qingling Motors Company Limited (stock code: 1122) since May 2011. He was also an executive Director of Silver Grant International Industries Limited (stock code: 171) from May 2001 to January 2019 and an independent non-executive Director of Luoyang Glass Company Limited (stock code: 1108) from November 2012 to March 2019, shares of which are all listed on the Main Board of the HKEx. Mr. Liu has been elected as a member (Hong Kong) of the Chongqing Committee of the Chinese People's Political Consultative Conference on 19 March 2013. In addition, Mr. Liu is the sole director of and holds 51% of the entire issued share capital in Sapphire Star Investments Limited, a substantial shareholder of the Company.

Ms. Liu Lin (劉琳), aged 44, has been an executive Director of the Company since 20 October 2015. She is currently the Chief Risk Officer and member of the investment committee of Jiangxi Copper (Beijing) International Investment Company in People's Republic of China. Before joining Jiangxi Copper (Beijing) International Investment Company, she had worked for PricewaterhouseCoopers. She was a specialist in the design in the risk management system for private equity investment, debt investment and stock market investment. She has participated in a number of projects in advisory work for state-owned commercial banks and state-owned policy banks, including building up its risk management system from risk identification and risk evaluation to risk mitigation according to the Basel Compliance requirement from China Banking Regulatory Commission.

She obtained a Master of Business Administration from the University of Illinois at Chicago and Bachelor at the China Foreign Affairs University in PRC, major in Diplomacy. She is the niece of Mr. Liu Tianni, the Chairman and Chief Executive Officer of the Company.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Li Ling Xiu (李靈修), aged 56, has been an independent non-executive Director of the Company since 7 March 2012. She was the group deputy general manager of China Strategic Holdings Limited, a company whose shares are listed on the Main Board of the HKEx (stock code: 235). She has been the Chief Executive Officer and a director of Chip Lian Investments (HK) Limited since January 2001. Ms. Li obtained a Bachelor's degree of Arts (文學學士學位) in English Language from Hunan Normal University (湖南師範學院) in July 1984 and successfully completed the Advanced Management Program at Harvard Business School from September 2000 to November 2000. Ms. Li was a non-executive Director of IPC Corporation Limited from May 2009 to April 2017 and was a non-executive Director of Metech International Limited (formerly known as Centillion Environment & Recycling Limited) from September 2006 to March 2013, the shares of both companies are listed on the Singapore Stock Exchange.

Ms. Lam Yim Kei, Sally (林冉琪), aged 46, has been an independent non-executive Director of the Company since 7 March 2012. She has 20 years of experience in the corporate finance industry. She worked for G.T. Investment Limited as an executive assistant from February 1999 to January 2000. During the period from January 2000 to May 2001, Ms. Lam worked for Core Pacific Yamaichi International (H.K.) Limited and was an assistant manager of its corporate and private banking department when she left. She then worked for CSC Securities (HK) Limited as an associate director in its sales/dealing department from May 2001 to March 2003. She worked as an associate director in the equity capital markets department of China Merchants Securities (HK) Company Limited from May 2003 to January 2007. She has been working as an associate director in Wag Worldsec Corporate Finance Limited since January 2007, and an executive Director of Oasis Education Group Limited since December 2018. Ms. Lam obtained a Master's degree in Economics from The University of Hong Kong in November 2008 and a Bachelor's degree of Arts in Languages with Business from The Hong Kong Polytechnic University in November 1996.

Ms. Lee Wing Sze, Rosa (李詠思), aged 44, has been an independent non-executive Director of the Company since 15 January 2016. She has 20 years of experience in accounting, financing and auditing. She is the vice president and company secretary of China Yurun Food Group Limited (Stock Code: 1068), a company whose shares are listed on the Main Board of the HKEx. She graduated from the Chinese University of Hong Kong with a Bachelor's degree in business administration, majoring in professional accounting and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants of the UK.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are investment holding and securities investments. The principal activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements. There have been no significant changes in the nature of the Group's principal activities during the year.

A review of the business of the Group for the year, discussion on the key financial performance indicators of the Group and prospect of the Group are set out in the "CHAIRMAN'S STATEMENT" section of this annual report. Particulars of important events affecting the Company that have occurred since the end of the financial year under review, if any, can be found in the abovementioned section and the notes to the consolidated financial statements.

An analysis of the Group's performance for the year by segments is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 March 2019 and the financial position of the Group and of the Company as at that date are set out in the financial statements on pages 41, 42 and 142, respectively.

The Directors recommended the payment of a final dividend of HK2.7 cents per share in respect of the year ended 31 March 2019 to all shareholders whose names appear on the register of members of the Company at the close of business on 3 October 2019. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend is expected to be paid on or about 18 October 2019.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group values the importance of protecting the environment in the process of operation. As our Group is principally engaged in the provision of services, we do not have significant air emissions and discharges into water, besides the non-hazardous solid wastes generated in our office premises. In recent years, we have strengthened our green office concept by promoting paperless office, using LED lights and selecting energy-saving electric appliances so as to reduce energy consumption.

To comply with the requirements set forth in Appendix 27 Environmental Social and Governance Reporting Guide ("**ESG Guide**") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**"), we present in another section of this annual report our Environmental, Social and Governance report ("**ESG Report**") for the year ended 31 March 2019.

COMPLIANCE WITH LAWS AND REGULATION

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements. Accordingly, the Group has been allocating staff resources to ensure ongoing compliance with rules and regulations as well as to maintain cordial working relationships with regulators through effective communications. During the year under review, the Group has complied, to the best of our knowledge, with the Securities and Futures Ordinance ("**SFO**"), the Listing Rules and other relevant rules and regulations.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal business activities comprise provision of financial public relations services and organization and coordination of roadshows, which are exposed to a variety of risks including operational risk and market risk. Details of the aforesaid key risks and risk mitigation measures are set out in note 36 to the financial statements of this annual report.

The Group's long term profitability and business growth are affected by the volatility and uncertainty of macro-economic conditions (including but not limited to performance of the stock indexes and fund demand), financial volatility (exacerbated by divergent trade and financial policies of the US and other global nations), and uncertain economic outlook and political conditions of Hong Kong, Mainland China, the US, Eurozone and other global nations.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise employees, customers, service vendors, regulators and shareholders.

Employees

Employees are regarded as the most important and precious assets of the Group. The objective of the Group's human resources management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are from companies listed on the HKEx or companies currently in the IPO process. The Group has the mission to provide excellent customer service whilst maintaining long term profitability, business and asset growth. Various means have been established to strengthen the communications between the customers and the Group in the provision of excellent customer service towards market penetration and expansion.

Service vendors

Sound relationships with key service vendors in supply chain and premises management are important in meeting business challenges and regulatory requirements. Such relationships can help the Group to derive cost effectiveness and foster long term business benefits. The key service vendors comprise system and equipment vendors, external consultants, suppliers of office goods/merchandise and other business partners which provide value-added services to the Group.

Regulators

The Group is a company listed on the HKEx. We make it a top priority to stay up to date and ensure compliance with its rules and regulations.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is dedicated to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account liquidity positions and future business expansion needs of the Group.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

On 30 March 2012, the Company received net proceeds in the sum of approximately HK$314.8 million on the listing of new shares on the Main Board of the HKEx. Up to 31 March 2019, the Group has used net proceeds of approximately HK$94.6 million, which was used in previous years on strategic acquisitions. The net proceeds not yet used have been placed on short-term deposits and money market instruments with authorized financial institutions and licensed banks in Hong Kong and the PRC. The Directors will endeavour to apply the remaining net initial public offering proceeds to their intended use as set out in the Company's prospectus dated 19 March 2012.

USE OF PROCEEDS FROM THE COMPANY'S SHARE PLACEMENT

The Company received net proceeds in the sum of approximately HK$423.0 million from the issue of new shares in its top-up placement in 2015. The top-up subscription was completed on 4 May 2015.

The net placement proceeds is intended to be used for a mobile internet professional service platform, the "Wonderful Cloud", which provides online to offline ("**O2O**") financial services to our customers and the public investment community. Wonderful Cloud is now in the process of being developed and is expected to go online in phases. Our intention is to develop Wonderful Cloud into a premier financial service platform and we, based on the current plan, phase 1 has been officially launched through Apple's IOS and Android systems, the two main popular mobile systems, and phase 2 is expected to complete development during the year. the net proceeds are placed on short-term deposits and money market instruments with authorized financial institutions and licensed banks in Hong Kong and the PRC and available-for-sale investments. The Directors are of the opinion that the net proceeds will be applied in the coming years to their intended uses as set out in the Company's announcement dated 4 May 2015 on the website of the HKEx.

REPORT OF THE DIRECTORS

SUMMARY FINANCIAL INFORMATION

The summary of the results and of the assets and liabilities of the Group for the last five financial years are set out on pages 2 and 3 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 30 to the consolidated financial statements.

EQUITY-LINKED AGREEMENT

Save for the share option scheme disclosed in this annual report, there were no equity-linked agreement was entered into during the year or subsisted at the end of the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company's reserves available for distribution amounted to approximately HK$102.6 million, calculated in accordance with the provisions of Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of revenue attributable to the Group's five largest customers represented approximately 14.6% of the Group's total revenue for the year ended 31 March 2019. The amount of revenue received from the Group's largest customer represented approximately 4.6% of the Group's total revenue for the year ended 31 March 2019.

The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 16.4% of the Group's total purchases for the year ended 31 March 2019. The amount of purchases from the Group's largest supplier represented approximately 5.5% of the Group's total purchases for the year ended 31 March 2019.

None of the Directors nor any of their associates nor any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year.

DIRECTORS

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

Executive Directors:

Mr. Liu Tianni
Ms. Liu Lin

Independent non-executive Directors:

Ms. Li Ling Xiu
Ms. Lam Yim Kei, Sally
Ms. Lee Wing Sze, Rosa

Mr. Liu Tianni, Ms. Li Ling Xiu and Ms. Lam Yim Kei, Sally will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting in accordance with Article 84 of the Company's articles of association. The Company has received annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from all independent non-executive Directors and still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO were as follows:

Long positions in the ordinary shares of the Company

(i) The Company

			Number of shares held				
Name of Director	Long/Short position	Interest in controlled corporation	Personal interest	Joint interest	Family interest	Total interests	Total interests as % of the issued share capital of the Company
Mr. Liu Tianni	Long	750,000,000 *(Note 1)*	–	6,904,000 *(Note 2)*	49,736,000 *(Note 3)*	806,640,000	67.56%

Notes:

1. These shares are owned by Sapphire Star Investments Limited ("**Sapphire Star**"), a company incorporated in the British Virgin Islands. Mr. Liu Tianni ("**Mr. Liu**") holds 51% of the issued share capital in Sapphire Star. Under the SFO, Mr. Liu is deemed to be interested in the remaining 49% of the issued share capital in Sapphire Star as they are held by his spouse, Ms. Luk Ching, Sanna ("**Mrs. Liu**"). Accordingly, Mr. Liu is deemed or taken to be interested in all the shares in the Company held by Sapphire Star under the SFO.

2. These shares are owned by Mr. Liu and Mrs Liu jointly.

3. These shares are owned by Mrs. Liu. Mr. Liu is deemed or taken to be interested in these shares for the purpose of the SFO.

(ii) Associate Corporation

Name of Director	Long/Short position	Name of associated corporation	Number of shares held	Approximately percentage of interest in Sapphire Star
Mr. Liu Tianni *(Note)*	Long	Sapphire Star	100	100%

Note: Mr. Liu Tianni holds 51% of the issued share capital in Sapphire Star. Under the SFO, Mr. Liu is deemed to be interested in the remaining 49% of the issued share capital in Sapphire Star, which is held by his spouse, Mrs. Liu. Accordingly Mr. Liu Tianni is deemed or taken to be interested in 100% of the issued share capital of Sapphire Star.

Save as disclosed above, as at 31 March 2019, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered into the register required to be kept under Section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2019, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Long/Short position	Beneficial Owner	Interest in controlling corporation	Total interests	Percentage of issued share capital of the Company
Sapphire Star	Long	750,000,000 *(Note 1)*	–	750,000,000	62.82%
Mrs. Liu	Long	56,640,000 *(Note 2)*	750,000,000 *(Note 1)*	806,640,000	67.56%
Value Partners Group Limited	Long	12,412,000	59,060,000 *(Note 3)*	71,472,000	5.98%
Pandanus Associates Inc.	Long	67,468,000	–	67,468,000	5.65%
Fidelity China Special Situations PLC	Long	59,754,000	–	59,754,000	5.00%

Notes:

1. The shares are owned by Sapphire Star. Mrs. Liu holds 49% of the issued share capital in Sapphire Star. Therefore, for the purposes of the SFO, Mrs. Liu is deemed or taken to be interested in all the shares in the Company held by Sapphire Star.

2. 49,736,000 shares in the Company are beneficially owned by Mrs. Liu and 6,904,000 shares are jointly owned by Mrs. Liu and Mr. Liu.

3. 59,060,000 shares are beneficially owned by Value Partners High-Dividend Stock Fund, which is an investment fund under management of Value Partners Group Limited and its subsidiaries.

Save as disclosed above, as at 31 March 2019, the Directors are not aware that there is any party (not being a Director) who had any interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

As disclosed in the Company's prospectus dated 19 March 2012, the Company entered into a Deed of Non-competition dated on 12 March 2012 with Mr. and Mrs. Liu, and Sapphire Star (together collectively referred to as the "**Substantial Shareholders**"). The Substantial Shareholders have signed, and the independent non-executive directors have reviewed the annual confirmations on an annual basis, in order to ensure that the Substantial Shareholders have complied with the terms of the aforesaid Deed of Non-competition.

During the year ended 31 March 2019 and up to the date of this report, none of the substantial shareholders or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

PARTICULARS OF DIRECTORS OF THE COMPANY WHO WERE DIRECTORS/ EMPLOYEES OF SUBSTANTIAL SHAREHOLDERS

Mr. Liu Tianni is the sole director of Sapphire Star which is a substantial shareholder of the Company.

SHARE OPTION SCHEME

On 7 March 2012, the Company's share option scheme (the "**Scheme**") was adopted. Details of the Company's Scheme are stated in note 31 to the consolidated financial statements. The following table sets out the movements in the Company's share options during the year:

	Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1.4.2018	Lapsed during the year	Outstanding at 31.3.2019
Employees	28.1.2014	28.7.2015 – 27.7.2020	1.174	560,000	–	560,000
	28.1.2014	28.7.2016 – 27.7.2020	1.174	1,250,000	(210,000)	1,040,000
	28.1.2014	28.7.2017 – 27.7.2020	1.174	670,000	–	670,000
	28.1.2014	28.7.2018 – 27.7.2020	1.174	2,160,000	–	2,160,000
	26.1.2018	27.7.2019 – 27.7.2024	1.500	2,100,000	(500,000)	1,600,000
	26.1.2018	27.7.2020 – 27.7.2024	1.500	2,100,000	(500,000)	1,600,000
	26.1.2018	27.7.2021 – 27.7.2024	1.500	2,100,000	(500,000)	1,600,000
	26.1.2018	27.7.2022 – 27.7.2024	1.500	4,200,000	(1,000,000)	3,200,000
Total				15,140,000	(2,710,000)	12,430,000

All share options granted to directors have either been exercised or lapsed prior to the beginning of the current financial year. No share options have been granted to the Directors during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2019 and up to the date of this report, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally and Ms. Lee Wing Sze, Rosa. The principal duties of the audit committee include the review and supervision of the Group's financial reporting matters and internal controls.

The audit committee has met with management to review the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2019.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 24 to 30 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2019.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Liu Tianni
Chairman

Hong Kong, 28 June 2019

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. During the year, it had met all the code provisions in the Corporate Governance Code (the "**Code**") set out in Appendix 14 to the Listing Rules, save and except for the following deviation:

Code provision A.2.1

Under code provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The roles of both Chairman and Chief Executive Officer are performed by Mr. Liu Tianni currently. Mr. Liu is a founder of the Group and has over 20 years of experience in the financial investment sector as well as the financial public relation sector. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies currently and in the foreseeable future. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

Code provision A.6.7

Under code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors, should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Liu Lin and Ms. Li Ling Xiu was unable to attend the Company's annual general meeting held on 10 August 2018 due to other business commitments.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on the same terms as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 March 2019.

BOARD OF DIRECTORS

The Company is governed by the Board which has the responsibilities of leading and supervising the management of the Company. The Directors are collectively responsible for promoting the success of the Group. As of the date of this report, the Board has five Directors, comprising two executive Directors and three are independent non-executive Directors. The biographies of all the directors as of the date of this report are set out on pages 12 and 13 of this annual report.

The Board is responsible for the management of the Company. Its key responsibilities include formulation of the overall strategies of the Group, setting targets for management and supervision of management's performance, While the Board confines itself to making broad policy decisions, it is responsible for performing corporate governance functions including reviewing of the Group's internal controls and developing programme for training and continuous professional development of directors and senior management and developing of procedures for ensuring compliance with legal and regulatory requirements. The Board held meetings from time to time when necessary. The Board has established procedures to enable directors of the Company to seek independent professional advice at the Company's expense. The Board met 4 times during the year ended 31 March 2019.

All directors actively participated in the Company's business. The attendance records of all directors for the Board meetings and annual general meeting during the year are as follows:

	Number of meetings held/attended	
	Board Meeting	Annual General Meeting
Executive Directors		
Liu Tianni *(Chairman and Chief Executive Officer)*	4/4	1/1
Liu Lin	4/4	0/1
Independent non-executive Directors		
Li Ling Xiu	4/4	0/1
Lam Yim Kei, Sally	4/4	1/1
Lee Wing Sze, Rosa	4/4	1/1

The Board members have no financial, business, family or other material/relevant relationship with each other except Ms. Liu Lin is the niece of Mr. Liu Tianni, Chairman and Chief Executive Officer of the Company.

All Directors of the Company, including Mr. Liu Tianni, Ms. Liu Lin, Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally and Ms. Lee Wing Sze, Rosa, have confirmed that they have participated in training and/or continuous professional development activities. The Board has a balance of skills and experience appropriate for the requirements of the business of the Group.

The Company has arranged for insurance cover for its Directors. The insurance coverage is reviewed on an annual basis.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have sound academic and professional qualifications. They advise the Company on strategic developments whilst at the same time ensuring the Company is maintaining a high standard of compliance with financial and other statutory requirements. Each independent non-executive Director has given an annual confirmation of her independence to the Company. The Company considers them to be independent under Rule 3.13 of the Listing Rules. All the independent non-executive Directors are appointed for a term of three years but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the articles of association of the Company. The articles of association also stipulates that one-third of the directors, including executive and independent non-executive directors, shall retire from office by rotation and they shall be subject to retirement at least once every three years.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 7 March 2012 and currently has 4 members, namely Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally, Ms. Lee Wing Sze, Rosa and Mr. Liu Tianni. This committee is chaired by Ms. Li Ling Xiu.

The terms of reference of the Remuneration Committee have been determined with reference to the Listing Rules and the Code. The Remuneration Committee met at least once during the year to discuss remuneration package of Directors of the Company. All members of the committee attended the meeting.

The responsibilities of the Remuneration Committee include (a) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (c) to make recommendations to the Board on the remuneration of non-executive Directors; and to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The primary goal of the remuneration on executive remuneration packages is to enable the Group to motivate executive Directors and senior management by linking their remuneration with reference to the Group's operation results, with reference to individual performances and comparable market statistics.

The principal elements of the Group's executive remuneration package include:

- basic salary;
- discretionary bonus without capping; and
- share options granted under a shareholders' approved option scheme.

NOMINATION COMMITTEE

The Nomination Committee was established on 7 March 2012 and currently has 4 members, namely Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally, Ms. Lee Wing Sze, Rosa and Mr. Liu Tianni. This committee is chaired by Ms. Li Ling Xiu.

The terms of reference of the Nomination Committee have been determined with reference to the Listing Rules and the Code. The Nomination Committee met at least once during the year to discuss the composition of the Board. All members of the committee attended the meeting.

The responsibilities of the Nomination Committee are (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; (c) to assess the independence of independent non-executive Directors; and (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibilities for preparing the accounts of the Company. As at 31 March 2019, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors on the consolidated financial statements for the year ended 31 March 2019 are set out in their report set out on pages 36 to 40.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management and internal controls are important parts among the operation and management of the Group. The Board and the management of the Company take high priority on the organization and have created an internal control mechanism consisting of three levels, the audit committee, the Compliance Department and the management of each business department:

1. the Board is responsible for setting up the risk management and internal control mechanism for the Group to ensure the core values, strategic planning and working guidelines of the Company, and convey the above to each department of the Group through various channels, including platforms such as the enterprise information system, meetings, training and intranet. This would incorporate risk control into the operation flow and the audit committee would identify the operation risk of the internal control system on a regular basis so as to review the effectiveness of risk management and control;

2. the Compliance Department is responsible for the regular review on Company's policies and guidelines, and assists the Board to set up effective Company's policies and guidelines for risk management and internal controls in response to the internal and external changes as well as changes in regulations in order to realize a progressive, institutionalized and systematic risk management and internal controls system. Meanwhile, assessment would be independently conducted by the Compliance Department on an ongoing basis, and such assessment covers all material aspects, including legal risks, compliance controls, operation monitoring as well as the workflow and risk assessment of each department of the Group. The Compliance Department is directly responsible to the audit committee and reports the effectiveness of the risk management and internal controls;

3. management of each of the business departments would effectively monitor and approve the workflow of each department at the business level based on different functions and divisions through various business systems, so as to enhance the efficiency of risk management, realize the closed loop management model for risk management led by self-supervision at the business level.

As at the date of the report, the Compliance Department has conducted an assessment in respect of the risk management and internal controls of the Company. The result reflects that no significant weaknesses were found in the internal control of the Company.

AUDITORS' REMUNERATION

For the year ended 31 March 2019, fees paid/payable to the Company's external auditors for audit services and non-audit services are set out as follows:

Service	Fee paid/payable *HK$'000*
Audit services	1,370
Review on preliminary results announcement for the year ended 31 March 2019	10
Tax compliance	65
	1,445

AUDIT COMMITTEE

The Audit Committee was established on 7 March 2012 and currently has 3 members, comprising all three independent non-executive directors namely, Ms. Lee Wing Sze, Rosa, Ms. Li Ling Xiu and Ms. Lam Yim Kei, Sally. This committee is chaired by Ms. Lee Wing Sze, Rosa.

The terms of reference of the Audit Committee follow the Listing Rules and the Code. The Audit Committee met twice during the year to review the interim and annual results of the Group as well as the accounting principles and practices being adopted, internal control and financial reporting matters. All members of the committee attended the meetings.

The responsibilities of the Audit Committee include (a) to assist the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Company and its subsidiaries, overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (b) to assure that appropriate accounting principles and reporting practices are followed; (c) to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the authorized independent auditors (the "**External Auditors**"), and to approve the remuneration and terms of engagement of the External Auditors, and any questions of its resignation or dismissal; (d) to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (e) to monitor integrity of the Company's financial statements and reports and to review significant financial reporting judgements contained in them; (f) to review the financial controls, internal control and risk management system; and (g) to review the Group's financial and accounting policies and practices.

COMPANY SECRETARY

The Company engages an external service provider which assigned Mr. Lau Kwok Yin ("Mr. Lau") as the company secretary of the Company. Mr. Lau have taken not less than 15 hours of relevant professional training during the year. Mr. Liu Tianni, the Chief Executive Officer and Chairman of the Company, is the primary contact person of the Company Secretary in the Company.

SHAREHOLDERS' RIGHTS

Shareholders convening an extraordinary general meeting and proposing resolutions

Pursuant to article 58 of the Company's Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders' enquiries and proposals

The Company maintains a website at www.wsfg.hk as a communication platform with shareholders and investors, where extensive information and updates on the Company's business developments and operations, financial and other information are available for public access. Shareholders and investors may send written enquires or requests to the Company at 9/F, The Center, No. 99 Queen's Road Central, Central, Hong Kong. The company secretary and relevant personnels shall report the shareholders' enquires and concerns to the Board and/or relevant Board committees of the Company and where appropriate, respond to such enquires.

SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner. The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. Procedure for voting by poll has been read out by the chairman at the general meeting. Annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The Chairman and the Directors are available to at the annual general meetings to address shareholders' queries. Separate resolution was proposed on each substantially separate issue and procedures for demanding a poll in general meetings are included in circular to the shareholders to facilitate the enforcement of shareholders' rights. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all resolutions set out in the notice of the 2019 annual general meeting of the Company will be voted by poll.

During the year, there were no changes in the Company's Memorandum and Articles of Association. An up-to-date consolidated version of the Company's Memorandum and Articles of Association are available on the Company's website.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING SCOPE AND STANDARD

This is the Environmental, Social and Governance ("**ESG**") Report prepared pursuant to the ESG Reporting Guide provided in Appendix 27 to the Listing Rules on the Stock Exchange of Hong Kong Limited. This report covers our operation in Hong Kong for the financial year end 31 March 2019 and discloses information on the Group's ESG management approach, strategy, priorities, objectives, compliance with the relevant laws and regulations and our performance.

The Board has overall responsibility for the Group's ESG strategy and reporting and has determined to integrate the ideas of environmental and social responsibility into the Group's operation and management activities. The Board has reviewed and approved this ESG report.

STAKEHOLDERS ENGAGEMENT

The Group endeavours to create sustainable growth and long-term value for its stakeholders, who comprise the Group's employees, investors, suppliers, customers, and the wider community. We continue to communicate with our stakeholders on ongoing basis in order to understand their views and collect their feedback. Our communication channels with our stakeholders include company website, annual general meeting, staff meetings, contractor meetings, direct engagement with our customers, etc.

A. ENVIRONMENTAL

The Group has introduced Green Office Initiatives (the "**Initiatives**") to reduce the energy consumption in daily office operation and enhance the efficiency of use of resources. A summary of the Initiatives is shown as below:

– Use of multi-function photocopiers (with printing, scanning and fax functions).

– Use of most efficient travelling method.

– "Switch-off" policy for all idle equipment; encouraging employees to switch off (or onto energy-saving mode) computers, monitors and other electrical appliances at the end of the working day or other times when they are not in use.

– Maintain the office temperature at 25 degree, which reduce the usage of excess electricity energy for lighting and air-conditioning.

– Minimize the use of paper by encouraging double side printing, paper recycling.

– Promote paperless environment by encouraging the use of soft and electronic copy for the document.

1. Emission – Measures to reduce carbon emission include:

The Group's business does not generate significant greenhouse gas emissions as the emissions are indirectly and principally resulting from consuming electricity at the workplace, vehicles and business travels by employees. The discharge into water and land, and generation of hazardous and non-hazardous waste during our course of operations is minimal.

Electricity consumed by the Group's office in its normal business operation is supplied by The HK Electric Co., Ltd. The electricity consumption by the Group at its office was approximately 532,000 kWh, producing CO2 equivalent emissions of approximately 419,000 kg and an energy consumption intensity of approximately 20.9 kWh per square feet during the year.

The Group encourages employees to go paperless as much as possible by liming print outs as well as communicating electronically. Employees are also encouraged to re-use paper and conserve paper usage by printing double-sided to the extent practicable. During the year, the Group used a total of approximately 2,592 thousand of paper in its normal business operations.

During the year under review, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

2. Use of Resources

We have undertaken various resources saving measures to demonstrate our efforts in efficient use of resources in our daily operations. Employees are encouraged to optimize resources to help the Group to minimize the impact on the environment and natural resources e.g. use of public transportation. During the year, a total of approximately 8,023 litres of petrol was used for the motor vehicle.

Although non-significant amounts of water is consumed through the business activities, the Group also encourages water saving by driving water-saving habits and posting green messages in the workplace to remind the employees to use water effectively.

3. The Environmental and Natural Resources

This aspect is not applicable to the Group's operations, as the Group's environmental impact and use of natural resources is minimal.

B. SOCIAL ASPECT

1. Employment and Labour Practices

The Group offers competitive remuneration packages to our employees, with discretionary bonuses issued based on individual performance and our business performance. The Group also provides medical insurance coverage for our employees.

Our human resources practices are established to align with the applicable laws and regulations with regard to recruitment, compensation and dismissal, other benefits and welfare, promotion, working hours, equal opportunities, diversity and anti-discrimination. The Group embraces diversity and provides employees with equal opportunity. Employees are assessed and hired based on their capabilities, regardless of their age, gender, nationality, cultural background, religious belief, etc. During the financial year end 31 March 2019, the Group complied with Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and other labour related laws and regulations.

2. Health and Safety

The Group has always placed emphases on occupational safety and has developed occupational health and safety procedures to provide a safe working environment for its employees. During the year ended 31 March 2019, the Group has complied with relevant rules and regulations, including the Occupational Safety and Health Ordinaries, as well as legislative requirements in Hong Kong.

During the year, the Group was not aware of any non-compliance with the health and safety laws and regulations.

3. Development and Training

To help nurture professional talents and to promote overall efficiency, increase the morale and loyalty of the employees, the Group provides on-the-job training, professional membership reimbursements and assists our employees in completing the training courses and fulfilling the continuous professional training hour requirement. Our employees are also encouraged to pursue work-related advanced studies and attend seminars and workshops to develop their skills.

4. Labour Standards

The Group is committed to protecting human rights. The Group complies with all relevant laws and regulations towards the use of forced labor and child labor in our business operations. The Group aims not to be directly or indirectly complicit in human rights abuses and to ensure that all work that is performed on our behalf is in compliance with all relevant labor laws and regulations.

5. Supply Chain Management

General disclosure

Environmental and Social Risk Management of Supply Chain

The Group has established and implemented the Supplier Management Policy. In order to strengthen the selection of suppliers, the Group welcomes qualified, competent and high-quality suppliers to join. The Group's Compliance Department has specially formulated this policy in order to standardise the supplier management and improve the operational standard.

The Group's Compliance Department is responsible for organising the supplier evaluation work in two ways which include the ongoing project evaluation and the annual assessment. The evaluation results will serve as the basis of supplier management. Suppliers need to react quickly to the assessment result, taking effective measures to improve the services provided within prescribed period. The Group has the rights to terminate the cooperation with service providers who violate the rules or do not meet the targets.

In the selection of new suppliers, the Group has compared at least three different companies, taking account of their operational and compliance records as well as their commitment level on top of cost consideration. Prior to conducting business with suppliers, we carry out annual reviews and evaluations in various aspects including occupational health and safety, employee rights protection, environmental protection and corporate social responsibility. This ensures that our operations comply with national standards or relevant regulations and that we have no child or forced labor issues. The assessment results will be used as a benchmark for the continuation or termination of cooperation in the future.

The Group maintains close liaison with its suppliers to monitor its performance to ensure that it is consistent with its service commitment.

6. Service Responsibility

General disclosure

Service Quality

The Group is committed to provide our target clients with premium services and offer them the best solutions at competitive prices, or even meet their demands beyond their expectation. In order to provide quality service to our clients, the Group communicates with our customers and confirms their expectation and direction prior to project commencement and actively coordinated with customers in the process of providing service.

During the year ended 31 March 2019, the Group was not aware of any incidents of non-compliance with relevant laws and regulations that have a significant impact on the issue relating to health and safety, advertising, labelling and privacy matters relating to products provided and methods of redress.

7. Anti-corruption

The Group adheres to stringent anti-corruption policies as stated in the Group's Office Manual that includes Integrity of Business Practices, ethical standard, conflicts of interest, breach of conduct, handling of confidential information and legal requirement on prevention of bribery and against corruption. The Group has adopted best practices with respect to whistle-blowing. Details of our whistle-blowing policy and procedures are published on our Company website. No cases of corruption were reported within the Group during the financial year ended 31 March 2019.

The Group has complied with relevant laws and regulations including Hong Kong's "Prevention of Bribery Ordinance". During the year ended 31 March 2019, the Group was not aware of any non-compliance with relevant laws and regulations related to anti-corruption.

8. Community Investment

The Group targets to dedicate itself to take up its corporate social responsibility for the communities where it is present. The Group has addressed its community concerns through engaging in charity donation and encouraging the employees to participate in community activities.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

To the Shareholders of
Wonderful Sky Financial Group Holdings Limited
皓天財經集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wonderful Sky Financial Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 41 to 144, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, 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 judgements, 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 our audit addressed the key audit matter
Impairment assessment of trade receivables	
We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of management judgement and estimates in evaluating the expected credit losses ("**ECL**") of the Group's trade receivables at the end of the reporting period. As set out in note 20 to the consolidated financial statements, as at 31 March 2019, the Group's trade receivables amounted to HK$252,460,000, which represented approximately 13% of total assets of the Group. As explained in note 2 to the consolidated financial statements, in the current year, the Group adopted Hong Kong Financial Reporting Standard 9 "Financial Instruments" ("HKFRS 9") and recognised an additional impairment of HK$4,289,000 as at 1 April 2018 in accordance with the transitional provisions of HKFRS 9. As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables based on individual assessment, after considering internal credit ratings of trade debtors, aging, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. As disclosed in note 20 to the consolidated financial statements, the Group recognised an additional amount of HK$28,395,000 of impairment of trade receivables for the year and the Group's lifetime ECL on trade receivables as at 31 March 2019 amounted to HK$62,566,000.	Our procedures in relation to evaluating the impairment assessment of trade receivables included: • Obtaining an understanding of how the management estimates the loss allowance for trade receivables; • Testing the accuracy of the ECL adjustments made by the Group as at 1 April 2018 on initial adoption of HKFRS 9; • Testing the integrity of information used by management, including trade receivables aging analysis as at 1 April 2018 and 31 March 2019, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices; • Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 1 April 2018 and 31 March 2019, including the assessment of internal credit rating, basis of estimated loss rates applied in individual trade debtors (with reference to historical default rates and forward-looking information) and identification of credit-impaired trade receivables; and • Evaluating the disclosures regarding the impairment assessment of trade receivables in note 36 to the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises 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 THOSE CHARGED WITH GOVERNANCE 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Leung Chui Shan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue	5	**651,393**	479,595
Direct costs		**(311,616)**	(260,231)
Gross profit		**339,777**	219,364
Other income		**51,818**	90,683
Selling expenses		**(30,707)**	(17,014)
Administrative expenses		**(91,391)**	(94,200)
Other gains and losses	6	**(34,654)**	461
Impairment loss recognised on financial assets			
– Trade receivables, net		**(28,395)**	(16,977)
– Debt instruments at fair value through other comprehensive income ("FVTOCI")		**(960)**	–
Share of results of associates		**1,263**	(366)
Finance costs	7	**(10,990)**	(12,659)
Profit before taxation	8	**195,761**	169,292
Taxation	10	**(34,248)**	(34,586)
Profit for the year		**161,513**	134,706
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Net gain on debt instruments at FVTOCI		**9,000**	–
Impairment loss on debt instruments at FVTOCI included in profit on loss		**960**	–
Exchange difference arising on translating foreign operation		**11,927**	8,437
Fair value loss on available-for-sale investments		**–**	(41,103)
Reclassification adjustment relating to available-for-sale investments disposed of during the year		**–**	5,213
		21,887	(27,453)
Item that will not be reclassified to profit or loss:			
Loss on change in fair value of equity instruments at FVTOCI		**(17,530)**	–
		(17,530)	–
Other comprehensive income (expense) for the year		**4,357**	(27,453)
Total comprehensive income for the year		**165,870**	107,253
Earnings per share	12		
– Basic		**HK13.5 cents**	HK11.3 cents
– Diluted		**HK13.5 cents**	HK11.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	13	**702,679**	710,352
Intangible assets	14	**10,006**	10,006
Interests in associates	15	**16,185**	14,405
Available-for-sale investments	16	**–**	47,231
Equity instruments at FVTOCI	17	**35,988**	–
Financial assets at fair value through profit or loss ("FVTPL")	22	**169,020**	–
Debt instruments at FVTOCI	23	**361,272**	–
Club debenture	18	**12,200**	12,200
Deferred tax asset	29	**1,245**	316
Deposits for acquisition of property, plant and equipment		**152**	5,926
		1,308,747	800,436
Current assets			
Contract assets	19	**897**	–
Work in progress		**–**	8,278
Trade and other receivables	20	**260,653**	264,454
Accrued revenue	20	**–**	20,843
Amounts due from related parties	21	**5,652**	4,765
Available-for-sale investments	16	**–**	1,070,551
Debt instruments at FVTOCI	23	**77,242**	–
Financial products	24	**109,717**	42,160
Taxation recoverable		**10,802**	2,009
Bank balances and cash	25	**158,900**	165,471
		623,863	1,578,531
Current liabilities			
Trade and other payables	26	**149,097**	83,352
Contract liabilities	27	**63,805**	–
Taxation payable		**21,723**	16,718
Bank borrowings	28	**198,164**	925,817
		432,789	1,025,887
Net current assets		**191,074**	552,644
Total assets less current liabilities		**1,499,821**	1,353,080
Non-current liability			
Deferred tax liability	29	**1,793**	1,040
Net assets		**1,498,028**	1,352,040
Capital and reserves			
Share capital	30	**11,940**	11,940
Reserves		**1,486,088**	1,340,100
Total equity		**1,498,028**	1,352,040

The consolidated financial statements on pages 41 to 144 were approved and authorised for issue by the Board of Directors on 28 June 2019 and are signed on its behalf by:

Liu Tianni
Director

Liu Lin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000* *(Note i)*	Capital reserve *HK$'000* *(Note ii)*	Capital redemption reserve *HK$'000*	Share options reserve *HK$'000*	Investment revaluation reserve/ FVTOCI reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
At 1 April 2017	11,922	725,808	10	(1)	(4,773)	1,718	3,607	(17,499)	609,724	1,330,516
Profit for the year	–	–	–	–	–	–	–	–	134,706	134,706
Exchange difference on translating foreign operation	–	–	–	–	–	–	–	8,437	–	8,437
Fair value loss on available-for-sale investments	–	–	–	–	–	–	(41,103)	–	–	(41,103)
Reclassification adjustment relating to available-for-sale investments disposed of during the year	–	–	–	–	–	–	5,213	–	–	5,213
Other comprehensive (expense) income for the year	–	–	–	–	–	–	(35,890)	8,437	–	(27,453)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(35,890)	8,437	134,706	107,253
Exercised of share options *(note 30)*	18	2,575	–	–	–	(515)	–	–	–	2,078
Recognition of equity-settled share-based payments	–	–	–	–	–	482	–	–	–	482
Lapse of share options	–	–	–	–	–	(35)	–	–	35	–
Dividend recognised as distribution *(note 11)*	–	–	–	–	–	–	–	–	(88,289)	(88,289)
At 31 March 2018	11,940	728,383	10	(1)	(4,773)	1,650	(32,283)	(9,062)	656,176	1,352,040
Adjustments *(note 2)*	–	–	–	–	–	–	(5,004)	–	(16,455)	(21,459)
At 1 April 2018 (restated)	11,940	728,383	10	(1)	(4,773)	1,650	(37,287)	(9,062)	639,721	1,330,581
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**161,513**	**161,513**
Net gain on debt instruments at FVTOCI	**–**	**–**	**–**	**–**	**–**	**–**	**9,000**	**–**	**–**	**9,000**
Impairment loss on debt instruments at FVTOCI included in profit or loss	**–**	**–**	**–**	**–**	**–**	**–**	**960**	**–**	**–**	**960**
Exchange difference on translating foreign operation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11,927**	**–**	**11,927**
Loss on change in fair value of equity instruments at FVTOCI	**–**	**–**	**–**	**–**	**–**	**–**	**(17,530)**	**–**	**–**	**(17,530)**
Other comprehensive (expense) income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(7,570)**	**11,927**	**–**	**4,357**
Total comprehensive (expense) income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(7,570)**	**11,927**	**161,513**	**165,870**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**1,577**	**–**	**–**	**–**	**1,577**
Lapse of share options	**–**	**–**	**–**	**–**	**–**	**(62)**	**–**	**–**	**62**	**–**
At 31 March 2019	**11,940**	**728,383**	**10**	**(1)**	**(4,773)**	**3,165**	**(44,857)**	**2,865**	**801,296**	**1,498,028**

Notes:

(i) The merger reserve of Wonderful Sky Financial Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") represented the difference of the nominal value of the shares of Shine Talent Holdings Limited ("**Shine Talent Holdings**") issued in exchange for the entire share capital of Wonderful Sky Financial Group Limited ("**Wonderful Sky Financial Group**").

(ii) The capital reserve of the Group represented capital contribution arising from transfer of interest in a subsidiary to its shareholder.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	2019 HK$'000	2018 HK$'000
Operating activities		
Profit before taxation	**195,761**	169,292
Adjustments for:		
Interest income from bank deposits	**(525)**	(1,118)
Interest expenses	**10,990**	12,659
Depreciation of property, plant and equipment	**23,079**	12,920
Impairment loss recognised on trade receivables, net	**28,395**	16,977
Impairment loss recognised on debt instruments at FVTOCI	**960**	–
Investment income from debt instruments at FVTOCI	**(37,569)**	–
Investment income from financial assets at FVTPL	**(2,896)**	–
Investment income from available-for-sale investments	**–**	(82,728)
Investment income from financial products	**(2,086)**	(3,482)
Loss on disposal of debt instruments at FVTOCI	**35,345**	–
Gain on change in fair value of financial assets at FVTPL	**(2,789)**	–
Loss on disposal of available-for-sale investments	**–**	5,213
Loss on disposal of property, plant and equipment	**749**	–
Share-based payments	**1,577**	482
Share of results of associates	**(1,263)**	366
Foreign exchange difference on inter-company balances	**13,380**	3,959
Operating cash flows before movements in working capital	**263,108**	134,540
Decrease in contract assets	**7,381**	–
Decrease in work in progress	**–**	650
Increase in accrued revenue	**–**	(17,837)
(Increase)/decrease in trade and other receivables	**(8,040)**	8,136
Increase/(decrease) in trade and other payables	**15,751**	(18,058)
Increase in contract liabilities	**33,427**	–
Increase in amounts due from related parties	**(887)**	(1,413)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	NOTE	2019 HK$'000	2018 HK$'000
Cash generated from operations		**310,740**	106,018
Hong Kong Profits Tax paid		**(37,504)**	(34,933)
Net cash from operating activities		**273,236**	71,085
Investing activities			
Proceeds from disposal of debt instruments at FVTOCI		**913,736**	–
Deposits received		**80,372**	–
Proceeds from redemption of financial products		**39,629**	79,760
Interest received from debt instruments at FVTOCI		**37,569**	–
Interest received from financial assets at FVTPL		**2,896**	–
Interest received from financial products		**2,086**	3,482
Interest received from bank deposits		**525**	1,118
Purchase of debt instruments at FVTOCI		**(377,794)**	–
Purchase of financial products		**(109,562)**	(40,120)
Purchase of financial assets at FVTPL		**(81,838)**	–
Purchase and conversion of convertible bond		**(38,808)**	–
Purchase of property, plant and equipment		**(11,187)**	(686,639)
Investment in an associate		**(1,092)**	(1,116)
Proceeds from disposal of available-for-sale investments		**–**	2,644,000
Interest received from available-for-sale investments		**–**	81,053
Purchase of available-for-sale investments		**–**	(2,471,744)
Purchase of intangible assets through acquisition of subsidiaries	39	**–**	(9,980)
Investments in unlisted entities		**–**	(2,500)
Deposits for acquisition of property, plant and equipment		**–**	(152)
Net cash from/(used in) investing activities		**456,532**	(402,838)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	2019 **HK$'000**	2018 HK$'000
Financing activities		
Net (decrease)/increase in other bank borrowings	**(749,046)**	242,377
Interest paid	**(10,990)**	(12,659)
Repayments of term loans	**(6,607)**	(1,229)
Term loans raised	**28,000**	178,000
Loan from a related party	**–**	406,711
Exercise of share options	**–**	2,078
Repayment to a related party	**–**	(406,711)
Dividends paid	**–**	(88,289)
Net cash (used in)/from financing activities	**(738,643)**	320,278
Net decrease in cash and cash equivalents	**(8,875)**	(11,475)
Cash and cash equivalents at beginning of the year	**165,471**	178,171
Effect of exchange rate changes	**2,304**	(1,225)
Cash and cash equivalents at end of the year, represented by bank balances and cash	**158,900**	165,471

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 January 2011 under the Companies Law of the Cayman Islands Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company is Sapphire Star Investments Limited, a company with limited liability incorporated in the British Virgin Islands ("**BVI**") and the ultimate controlling party is Mr. Liu Tianni. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The principal activities of the Company are investment holding and securities investment. The principal activities of its principal subsidiaries and principal associate are set out in the notes 40 and 15, respectively.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (collectively referred to as the "**Group**") have applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

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 HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs and an interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and the related interpretations.

The Group recognises revenue from financial public relations services, financial printing services, international roadshow services and retainer services.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 5 and 3 respectively.

Summary of effects arising from initial application of HKFRS 15

For the financial printing service income from customers seeking initial public offering ("**IPO Clients**"), as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, such service income should be recognised over time upon application of HKFRS 15. As at 1 April 2018, the directors of the Company assessed that the impact on the accumulated profits was insignificant and no adjustments were made to the opening accumulated profits.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

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

Summary of effects arising from initial application of HKFRS 15 (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amount previously reported at 31 March 2018 HK$'000	Reclassification HK$'000	Carrying amount under HKFRS 15 at 1 April 2018* HK$'000
Contract assets	(a)	–	8,278	8,278
Work in progress	(a)	8,278	(8,278)	–
Trade and other receivables	(b)	264,454	20,843	285,297
Accrued revenue	(b)	20,843	(20,843)	–
Trade and other payables	(c)	83,352	(30,378)	52,974
Contract liabilities	(c)	–	30,378	30,378

* The amounts in this column are before the adjustments from the application of HKFRS 9.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 March 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

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

Summary of effects arising from initial application of HKFRS 15 (Continued)

Impact on consolidated statement of financial position at 31 March 2019

	Notes	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Contract assets	(a)	897	(897)	–
Work in progress	(a), (d)	–	1,539	1,539
Trade and other receivables	(b)	260,653	(24,059)	236,594
Accrued revenue	(b)	–	24,059	24,059
Trade and other payables	(c), (d)	149,097	66,205	215,302
Contract liabilities	(c)	63,805	(63,805)	–
Taxation payable	(d)	21,723	(290)	21,433
Accumulated profits	(d)	801,296	(1,468)	799,828

Impact on consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019

	Note	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Revenue	(d)	651,393	(2,400)	648,993
Direct costs	(d)	311,616	(642)	310,974
Taxation	(d)	34,248	(290)	33,958
Profit for the year	(d)	161,513	(1,468)	160,045

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

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

Summary of effects arising from initial application of HKFRS 15 (Continued)

Impact on consolidated statement of cash flows for the year ended 31 March 2019

	Notes	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Operating activities				
Profit before taxation	(d)	195,761	(1,758)	194,003
Operating cash flows before movements in working capital	(d)	263,108	(1,758)	261,350
Decrease in contract assets	(a)	7,381	(7,381)	–
Decrease in work in progress	(a), (d)	–	6,739	6,739
Increase in trade and other receivables	(b)	(8,040)	3,216	(4,824)
Increase in accrued revenue	(b)	–	(3,216)	(3,216)
Increase in trade and other payables	(c), (d)	15,751	35,827	51,578
Increase in contract liabilities	(c)	33,427	(33,427)	–

Notes:

(a) As at 1 April 2018, an amount of HK$8,278,000 in respect of services performed previously included in work in progress was reclassified to contract assets as it is primarily related to the Group's right to consideration for work completed and not billed because the right is conditioned on the Group's future performance.

As at 31 March 2019, an amount of HK$897,000 of the same nature was classified as contract assets and the amount would have been included in work in progress without the application of HKFRS 15.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

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

Summary of effects arising from initial application of HKFRS 15 (Continued)

Notes: (Continued)

(b) As at 1 April 2018, accrued revenue of HK$20,843,000 in respect of service fee earned upon related services being rendered but not yet billed was reclassified to trade and other receivables upon the initial application of HKFRS 15, as the Group has the unconditional right to consideration.

As at 31 March 2019, an amount of HK$24,059,000 of the same nature was classified as trade and other receivables and the amount would have been included in accrued revenue without the application of HKFRS 15.

(c) As at 1 April 2018, deposits received from customers of HK$30,378,000 in respect of initial deposits from customers previously included in the trade and other payables were reclassified to contract liabilities as the Group has obligations to transfer services to its customers for which the Group has received consideration from the customers.

As at 31 March 2019, deposits received from customers of HK$63,805,000 were classified as contract liabilities and the amount would have been included in trade and other payables without the application of HKFRS 15.

(d) As disclosed above, the financial printing service income from IPO Clients should be recognised over time upon application of HKFRS 15, As at 1 April 2018, the impact on the accumulated profits is considered insignificant and no adjustments were made.

During the year ended 31 March 2019, an additional amount of HK$2,400,000 was recognised as revenue with the corresponding direct costs of HK$642,000 and current tax charge of HK$290,000 being recorded in profit or loss, resulting in a net increase in profit for the year of HK$1,468,000. No such adjustments would have been made to the profit for the year ended 31 March 2019 or accumulated profits at 31 March 2019 without the application of HKFRS 15.

As at 31 March 2019, the revenue of HK$2,400,000 would have been included in trade and other payables as deposits received from customers, the direct costs of HK$642,000 would have been included in work in progress and the current tax charge of HK$290,000 would not be incurred without the application of HKFRS 15.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. Any difference between carrying amounts as at 31 March 2019 and the carrying amounts as at 1 April 2018 is recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 9 "Financial Instruments" (Continued)

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the effect arising from application of HKFRS 9 at the date of initial application, 1 April 2018. Line items or reserves that were not affected have not been included.

	Notes	Available-for-sale investments (non-current)	Available-for-sale investments (current)	Equity instruments at FVTOCI	Debt instruments at FVTOCI	Financial assets at FVTPL	Trade and other receivables	Deferred tax liability	Investment revaluation reserve/ FVTOCI reserve	Accumulated profits
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance at 31 March 2018 – HKAS 39		47,231	1,070,551	–	–	–	264,454	1,040	(32,283)	656,176
Effect arising from initial application of HKFRS 9										
Reclassification from available-for-sale investments	(a)	(47,231)	(1,070,551)	27,856	1,000,801	89,125	–	–	–	–
Remeasurement at fair value	(a)	–	–	(13,146)	–	(4,732)	–	–	(13,146)	(4,732)
Impairment under ECL model	(b)	–	–	–	–	–	(4,289)	(708)	8,142	(11,723)
		(47,231)	(1,070,551)	14,710	1,000,801	84,393	(4,289)	(708)	(5,004)	(16,455)
Opening balance at 1 April 2018 (Restated)		–	–	14,710	1,000,801	84,393	260,165	332	(37,287)	639,721

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 9 "Financial Instruments" (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

(a) Reclassification from available-for-sale investments and remeasurement at fair value

At 1 April 2018, certain listed bond securities and unlisted fund securities with an aggregated amount of HK$1,000,801,000 were reclassified from available-for-sale investments to debt instruments at FVTOCI as these listed bond securities and unlisted fund securities are 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, while the remaining listed bond securities of HK$69,750,000 which did not satisfy the above criteria were reclassified from available-for-sale investments to financial assets at FVTPL.

An unlisted equity investment of HK$19,375,000 was reclassified from available-for-sale investments to financial assets at FVTPL as such investment represents an investment in preference shares (together with conversion right) which should be classified as financial assets at FVTPL in accordance with HKFRS 9. Upon the reclassification to financial assets at FVTPL, the investment was remeasured at fair value and resulted in a loss on change in fair value amounting to HK$4,732,000 which was charged against the opening accumulated profits at 1 April 2018.

The remaining unlisted equity investments of HK$27,856,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI as the Group does not intend to hold these equity investments for trading purpose. Upon the reclassification to equity instruments at FVTOCI, the investments were remeasured at fair value and resulted in a loss on change in fair value amounting to HK$13,146,000 which was charged against the FVTOCI reserve at 1 April 2018.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 9 "Financial Instruments" (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

(b) *Impairment under ECL model*

As at 1 April 2018, the Group measures ECL using lifetime ECL for trade receivables and recognises an additional credit loss allowance of HK$4,289,000 for trade receivables and records the related deferred taxation of HK$708,000 against opening accumulated profits. The additional loss allowance is charged against the trade and other receivables and related deferred taxation is charged against deferred tax liability.

As at 1 April 2018, ECL for debt instruments at FVTOCI are assessed on 12m ECL basis and an additional credit loss allowance of HK$8,142,000 has been recognised against opening accumulated profits. The additional FVTOCI loss allowance is charged against opening accumulated profits with corresponding adjustment to FVTOCI reserve.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 9 "Financial Instruments" (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

(b) Impairment under ECL model (Continued)

All loss allowances, including trade receivables and debt instruments at FVTOCI, as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Trade receivables *HK$'000*	Debt instruments at FVTOCI *HK$'000*
At 31 March 2018 – HKAS 39	29,882	–
Amounts remeasured through opening accumulated profits/FVTOCI reserve	4,289	8,142
At 1 April 2018	34,171	8,142

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital affected by the changes in the Group's accounting policies have been computed based on opening consolidated statement of financial position as at 1 April 2018 as disclosed above.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item. Line items or reserves that were not affected have not been included.

	31 March 2018 (Audited)	HKFRS 15	HKFRS 9	1 April 2018 (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Available-for-sale investments	47,231	–	(47,231)	–
Equity instruments at FVTOCI	–	–	14,710	14,710
Financial assets at FVTPL	–	–	84,393	84,393
Current assets				
Contract assets	–	8,278	–	8,278
Work in progress	8,278	(8,278)	–	–
Trade and other receivables	264,454	20,843	(4,289)	281,008
Accrued revenue	20,843	(20,843)	–	–
Available-for-sale investments	1,070,551	–	(1,070,551)	–
Debt instruments at FVTOCI	–	–	1,000,801	1,000,801
Current liabilities				
Trade and other payables	83,352	(30,378)	–	52,974
Contract liabilities	–	30,378	–	30,378
Non-current liability				
Deferred tax liability	1,040	–	(708)	332
Capital and reserves				
Accumulated profits	656,176	–	(16,455)	639,721
Investment revaluation reserve/ FVTOCI reserve	32,283	–	5,004	37,287

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and an interpretation that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]
Amendments to HKFRS 3	Definition of a Business[4]
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[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2020.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective (Continued)

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. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

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.

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 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 cash flows by the Group, upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

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.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 16 "Leases" (Continued)

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$3,731,000 as disclosed in note 33. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated profits without restating comparative information.

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

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the principal accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Change in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the an associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The financial public relations service income from IPO Clients is recognised at a point in time when the IPO Clients obtains control of the services, which approximates the time when the IPO Clients are listed.

Service income from other non-routine project-based non-IPO Clients ("**non-IPO Clients**") and international roadshow customers (including financial printing service income from non-IPO Clients) is recognised when the non-IPO Clients and international roadshow customers obtain control of the services, which approximates the time when the relevant non-routine projects or international roadshow events are completed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) (Continued)

The financial printing service income from IPO Clients is recognised over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The retainer service income is recognised over time as the customer simultaneously receives and consumes the benefits of the Group's performance over time. Such income is recognised on a straight-line basis over the term of the service period when the relevant services are rendered.

Usually the Group requires sales deposits from IPO Clients and makes progress billings for services rendered. Occasionally, IPO Clients may decide to delay the listing timetable. Under such circumstances, sales deposits received by the Group of which services have yet to be rendered pending the completion of the initial public offering will be accounted for as deposits received and included in current liabilities in the consolidated statement of financial position. In rare cases, IPO Clients may decide to terminate the IPO process. Under these circumstances, sales deposits received by the Group and project-based fees for services rendered will be recognised as revenue immediately when the Group receives termination notice from the relevant IPO Clients.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of services.

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the service transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (prior to 1 April 2018)

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Service income from IPO Clients is recognised when the relevant services are rendered to the relevant IPO Clients, which approximates the time when the IPO Clients are listed.

Service income from non-IPO Clients and international roadshow customers are recognised when the relevant services are rendered to the relevant non-IPO Clients and international roadshow customers, which approximates the completion of the relevant non-routine projects or international roadshow events.

When related services have been rendered but not yet billed to the customers at the end of the reporting period, revenue is recognised in accordance with the relevant policy as set out above, with the corresponding amounts recorded as accrued revenue at the end of the reporting period. It will be transferred to invoiced amount under trade receivables once the customer is billed and invoice is issued.

Usually the Group requires sales deposits from IPO Clients and makes progress billings for services rendered. Occasionally, IPO Clients may decide to delay the listing timetable. Under such circumstances, sales deposits received by the Group of which services have yet to be rendered pending the completion of the initial public offering will be accounted for as deposits received and included in current liabilities in the consolidated statement of financial position. In rare cases, IPO Clients may decide to terminate the IPO process. Under these circumstances, sales deposits received by the Group and project-based fees for services rendered will be recognised as revenue immediately when the Group receives termination notice from the relevant IPO Clients.

For projects costs incurred at initial stage of the project of which outcome of the transaction can be estimated reliably and costs incurred expected to be recoverable, the costs incurred are deferred and recorded as work in progress. Such costs are recognised in the consolidated statement of profit or loss and other comprehensive income when the corresponding revenue is recognised upon services being rendered in the manner as discussed above.

Service income from retainer services is recognised on a straight-line basis over the term of the service period when the relevant services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (prior to 1 April 2018) (Continued)

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

Investment income from available-for-sale investments and investment income from financial products are interest income calculated using the effective interest method and changes in foreign exchange rates, if applicable and are recognised in profit or loss.

Commission income is recognised when services are rendered.

Work in progress (prior to 1 April 2018)

Work in progress represents cost incurred on incomplete financial public relations and international roadshow projects that comprise costs directly incurred in providing the services and attributable overheads. Work in progress is stated at lower of cost and net realisable value.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

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

Club debenture

Club debenture is measured at cost less impairment loss.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amounts of tangible and intangible assets are estimated individually. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

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

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 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 assets 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.

Financial assets

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

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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

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-taking; 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.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. 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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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

(ii) Debt instruments at FVTOCI

Subsequent changes in the carrying amounts for debt instruments at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments 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 and accumulated in the FVTOCI 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 profits.

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. Dividends are included in the other income line item in profit or loss.

(iv) 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. The net gain or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables, debt instruments at FVTOCI, contract assets and bank balances). 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. Assessments 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 and contract assets. The ECL on these assets are assessed individually.

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.

(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;

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

- 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 debt 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 foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (1) it has a low risk of default, (2) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (3) 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 the credit risk of the debt instrument mainly with reference to 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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

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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (Continued)

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 following basis:

- nature of financial instruments;
- 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.

Except for investments in debt instruments that are measured at FVTOCI, 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 contract assets where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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

Financial assets are classified into following categories, including financial assets at FVTPL, 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. All regular way purchases or sales of financial assets are recognised 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.

(i) Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is designated as FVTPL.

A financial asset may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurements or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other income" line item. Fair value is determined in the manner described in note 36.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period except for unquoted equity instruments whose fair value cannot be reliably measured. Changes in the carrying amount of available-for-sale debt instruments relating to interest income calculated using the effective interest method and changes in foreign exchange rates, if applicable are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accrued revenue, trade receivables, amounts due from related parties and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss of financial assets below).

Interest income is recognised by applying the effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the general credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and amounts due from related parties, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or amounts due from related parties is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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

When an available-for-sale financial asset is considered to be impaired, accumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchases, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss immediately.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Embedded derivatives (under HKFRS 9 since 1 April 2018)

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition (Continued)

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

On derecognition of an available-for-sale financial asset, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital and then share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme ("**MPF Scheme**") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are set out in note 3, the directors of the Company are required to make judgements, 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The followings 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 within the next financial year.

Impairment assessment of trade receivables

The management of the Group estimates the amount of lifetime ECL of trade receivables based on individual assessment, after considering internal credit ratings of trade debtors, aging, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. At every reporting date, the default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables is disclosed in notes 36 and 20 respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Fair value measurements and valuation processes

Some of the Group's financial assets are measured at fair value for financial reporting purposes. The directors of the Company have a designated team to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of listed bond securities which are classified as debt instruments at FVTOCI or financial assets at FVTPL after application of HKFRS 9 and available-for-sale investments before application of HKFRS 9, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group will assess the valuation of financial instruments based on quoted bid prices of the previous trading day in the markets at the end of the reporting period. As mentioned above, in estimating the fair value of the Group's bond securities listed on the Stock Exchange, the Singapore Exchange Securities Trading Limited ("**SGX**") and overseas exchanges, the team will assess the fair value taking into account primarily the fair value quoted by the brokers at the end of the reporting period. For the unlisted fund securities which are classified as debt instruments at FVTOCI after application of HKFRS 9 and available-for-sale investments before application HKFRS 9, the Group will assess the valuation based on the quotes from the fund managers. The team will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company. Any changes in the marketability of the listed bond securities will affect the fair value of the investments.

In estimating the fair value of the Group's financial products, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, management of the Group will assess the valuation of financial products based on discounted cash flow method at the end of the reporting period. The team will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company.

For unlisted equity instruments, upon the initial application of HKFRS 9 on 1 April 2018, the Group engages independent qualified valuers to perform the valuation. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model, and will report the valuation findings to the directors of the Company to explain the cause of fluctuations in the fair value of the assets.

Notes 16, 17, 22, 23, 24 and 36 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair values of the listed bond securities unlisted fund securities, unlisted equity instruments and financial products of the Group.

5. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue is as follows:

	2019 **HK$'000**	2018 HK$'000
Financial public relations services	**258,483**	104,147
Financial printing services	**95,285**	85,048
International roadshow services	**124,468**	108,258
Retainer services	**173,157**	182,142
	651,393	479,595

During the year ended 31 March 2019, financial printing service income from IPO Clients of HK$10,258,000 and retainer service income of HK$173,157,000 is recognised over time and the remaining service income of HK$467,978,000 is recognised at a point in time.

All sales contracts are for periods of one year or less with fixed consideration. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group's operating activities consists of the provision of financial public relations services and the organisation and coordination of international roadshows. These operating segments have been identified on the basis of internal management reports that are regularly reviewed by the Chairman of the Company, who is the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. No operating segments have been aggregated in arriving at the reportable segments of the Group.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

For the year ended 31 March 2019

	Provision of financial public relations services *HK$'000*	Organisation and coordination of international roadshows *HK$'000*	Consolidated *HK$'000*
Revenue	**526,925**	**124,468**	**651,393**
Segment profit	**232,194**	**23,598**	**255,792**
Unallocated corporate income			**54,607**
Staff costs (including retirement benefit schemes contributions and share-based payments)			**(42,896)**
Operating lease rentals			**(3,316)**
Share of results of associates			**1,263**
Other unallocated corporate expenses			**(58,699)**
Finance costs			**(10,990)**
Profit before taxation			**195,761**

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 31 March 2018

	Provision of financial public relations services HK$'000	Organisation and coordination of international roadshows HK$'000	Consolidated HK$'000
Revenue	371,337	108,258	479,595
Segment profit	149,076	23,400	172,476
Unallocated corporate income			96,357
Staff costs (including retirement benefit schemes contributions and share-based payments)			(40,700)
Operating lease rentals			(19,210)
Share of results of associates			(366)
Other unallocated corporate expenses			(26,606)
Finance costs			(12,659)
Profit before taxation			169,292

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of other income, central administration costs, directors' salaries, operating lease rentals, foreign exchange gain (loss), share of results of associates, loss on disposal of debt instruments at FVTOCI and available-for-sale investments, impairment loss recognised on debt instruments at FVTOCI, gain on change in fair value of financial assets at FVTPL and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

At 31 March 2019

	Provision of financial public relations services *HK$'000*	Organisation and coordination of international roadshows *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	937,922	33,770	971,692
Interests in associates			16,185
Equity instruments at FVTOCI			35,988
Financial assets at FVTPL			169,020
Debt instruments at FVTOCI			438,514
Financial products			109,717
Club debenture			12,200
Deferred tax asset			1,245
Bank balances and cash			158,900
Taxation recoverable			10,802
Other unallocated assets			8,347
Total assets			1,932,610
Liabilities			
Segment liabilities	55,717	51,164	106,881
Taxation payable			21,723
Bank borrowings			198,164
Deferred tax liability			1,793
Other unallocated liabilities			106,021
Total liabilities			434,582

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

At 31 March 2018

	Provision of financial public relations services *HK$'000*	Organisation and coordination of international roadshows *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	953,070	53,962	1,007,032
Interests in associates			14,405
Available-for-sale investments			1,117,782
Financial products			42,160
Club debenture			12,200
Deferred tax asset			316
Bank balances and cash			165,471
Taxation recoverable			2,009
Other unallocated assets			17,592
Total assets			2,378,967
Liabilities			
Segment liabilities	40,537	32,156	72,693
Taxation payable			16,718
Bank borrowings			925,817
Deferred tax liability			1,040
Other unallocated liabilities			10,659
Total liabilities			1,026,927

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

– all assets are allocated to reportable segments except for interests in associates, debt instruments at FVTOCI, financial assets at FVTPL, equity instruments at FVTOCI, available-for-sale investments, financial products, deposits, prepayments and other receivables, club debenture, deferred tax asset, taxation recoverable and bank balances and cash.

– all liabilities are allocated to reportable segments except for accrued administrative expenses, taxation payable, deferred tax liability and bank borrowings.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information

For the year ended 31 March 2019

	Provision of financial public relations services *HK$'000*	Organisation and coordination of international roadshows *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:				
Additions to non-current assets	16,864	97	–	16,961
Depreciation	23,026	53	–	23,079
Impairment loss recognised (reversed) on trade receivables, net	28,913	(518)	–	28,395
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Loss on disposal of debt instruments at FVTOCI	–	–	35,345	35,345
Impairment loss recognised on debt instruments at FVTOCI	–	–	960	960
Gain on change in fair value of financial assets at FVTPL	–	–	(2,789)	(2,789)
Investment income from debt instruments at FVTOCI	–	–	(37,569)	(37,569)
Investment income from financial assets at FVTPL	–	–	(2,896)	(2,896)
Investment income from financial products	–	–	(2,086)	(2,086)
Interest expenses	–	–	10,990	10,990
Income tax expenses	28,512	5,462	274	34,248

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 March 2018

	Provision of financial public relations services *HK$'000*	Organisation and coordination of international roadshows *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:				
Additions to non-current assets	688,411	145	10,006	698,562
Depreciation	12,907	13	–	12,920
Impairment loss recognised on trade receivables, net	16,977	–	–	16,977
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Loss on disposal of available-for-sale investments	–	–	5,213	5,213
Investment income from available-for-sale investments	–	–	(82,728)	(82,728)
Investment income from financial products	–	–	(3,482)	(3,482)
Interest expenses	–	–	12,659	12,659
Income tax expenses	22,035	3,489	9,062	34,586

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

More than 90% of the Group's revenue are arisen in Hong Kong, the place of domicile of the relevant group entities for both years.

The Group's non-current assets (excluding debt instruments at FVTOCI, financial assets at FVTPL, equity instruments at FVTOCI, available-for-sale investments and club debenture) by geographical location of the assets are detailed below:

	2019 ***HK$'000***	2018 *HK$'000*
Hong Kong	**690,017**	672,974
The People's Republic of China ("**PRC**")	**11,291**	37,732
Singapore	**28,959**	30,299
	730,267	741,005

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue during both years.

6. OTHER GAINS AND LOSSES

	2019 ***HK$'000***	2018 *HK$'000*
Foreign exchange (loss) gain	**(1,349)**	5,674
Loss on disposal of debt instruments at FVTOCI	**(35,345)**	–
Gain on change in fair value of financial assets at FVTPL	**2,789**	–
Loss on disposal of property, plant and equipment	**(749)**	–
Loss on disposal of available-for-sale investments	**–**	(5,213)
	(34,654)	461

7. FINANCE COSTS

	2019 **HK$'000**	2018 HK$'000
Interest on bank borrowings	**10,990**	11,461
Interest on loan from a related party *(Note)*	**–**	1,198
	10,990	12,659

Note: The loan was granted and fully repaid during the year ended 31 March 2018.

8. PROFIT BEFORE TAXATION

	2019 **HK$'000**	2018 HK$'000
Profit before taxation has been arrived at after charging:		
Directors' and chief executive's remuneration *(note 9(a))*	**4,098**	4,098
Other staff costs	**87,194**	82,928
Retirement benefit schemes contributions for other staff	**5,254**	3,203
Share-based payments for other staff	**1,577**	482
	98,123	90,711
Auditor's remuneration	**1,370**	1,000
Depreciation of property, plant and equipment	**23,079**	12,920
Operating lease rentals in respect of office premises	**3,316**	19,210
and after crediting:		
Interest income from bank deposits	**525**	1,118
Commission income (included in other income)	**5,358**	1,706
Investment income from debt instruments at FVTOCI (included in other income)	**37,569**	–
Investment income from financial assets at FVTPL (included in other income)	**2,896**	–
Investment income from available-for-sale investments (included in other income)	**–**	82,728
Investment income from financial products (included in other income)	**2,086**	3,482

9. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

	Directors' fees	Salaries, allowances and other benefits in kind	Retirement benefit scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2019				
Executive directors:				
Mr. Liu Tianni	**–**	**3,600**	**18**	**3,618**
Ms. Liu Lin	**120**	**–**	**–**	**120**
Independent non-executive directors:				
Ms. Lam Yim Kei, Sally	**120**	**–**	**–**	**120**
Ms. Lee Wing Sze, Rosa	**120**	**–**	**–**	**120**
Ms. Li Ling Xiu	**120**	**–**	**–**	**120**
	480	**3,600**	**18**	**4,098**
For the year ended 31 March 2018				
Executive directors:				
Mr. Liu Tianni	–	3,600	18	3,618
Ms. Liu Lin	120	–	–	120
Independent non-executive directors:				
Ms. Lam Yim Kei, Sally	120	–	–	120
Ms. Lee Wing Sze, Rosa	120	–	–	120
Ms. Li Ling Xiu	120	–	–	120
	480	3,600	18	4,098

9. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the Group's operating results, individual performance and market statistics.

Mr. Liu Tianni is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as chief executive.

(b) Employees' emoluments

The five highest paid employees of the Group during the year included one director (2018: one director), details of whose emoluments are set out above. The emoluments of the remaining four (2018: four) highest paid employees of the Group are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Salaries and allowances	**3,948**	3,627
Performance related incentive payments *(Note)*	**1,210**	1,388
Retirement benefit scheme contributions	**72**	72
Share-based payments	**1,216**	85
	6,446	5,172

The number of highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2019	2018
Nil to HK$1,000,000	**–**	2
HK$1,000,001 to HK$1,500,000	**3**	1
HK$2,000,001 to HK$2,500,000	**1**	1

Note: The performance related incentive payment is determined with reference to the Group's operating results, individual performances and comparable market statistics.

9. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

During the year ended 31 March 2019 and 2018, no remuneration was paid by the Group to the directors and the chief executive of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waived any remuneration.

10. TAXATION

	2019 HK$'000	2018 HK$'000
Hong Kong Profits Tax		
– Current tax	**36,996**	33,821
– (Over) under provision in prior years	**(3,280)**	443
	33,716	34,264
Deferred taxation *(note 29)*	**532**	322
	34,248	34,586

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

Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profit for the year ended 31 March 2018.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for Enterprise Income Tax has been made in the consolidated financial statements as the subsidiaries operating in the PRC incurred losses during both years.

10. TAXATION (CONTINUED)

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

	2019 **HK$'000**	2018 HK$'000
Profit before taxation	**195,761**	169,292
Tax at the applicable tax rate of 16.5% (2018:16.5%)	**32,301**	27,933
Tax effect of share of results of associates	**208**	(60)
Tax effect of expenses not deductible for tax purposes	**2,005**	4,054
Tax effect of income not taxable for tax purposes	**(478)**	(1,113)
Tax effect of unused tax losses not recognised	**3,662**	3,329
Utilisation of unused tax losses previously not recognised	**(5)**	–
Tax effect of two-tiered profit tax rate regime	**(165)**	–
(Over) under provision in prior years	**(3,280)**	443
Taxation charge	**34,248**	34,586

11. DIVIDENDS

A final dividend of HK2.7 cents per share (2018: nil), amounting to approximately HK$32.2 million, in respect of the year ended 31 March 2019 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

During the year ended 31 March 2018, the Company declared and paid a final dividend of HK4.9 cents per share and a special dividend of HK2.5 cents per share, totalling HK$88,289,000 in respect of the year ended 31 March 2017.

12. EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**161,513**	134,706

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,193,974,000**	1,193,205,507
Effect of dilutive potential ordinary shares on share options	**200,709**	1,481,113
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,194,174,709**	1,194,686,620

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Furniture and fixtures	Motor vehicles	Computer equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 April 2017	26,935	5,912	5,357	6,333	8,597	53,134
Additions	675,301	7,385	2,724	707	2,439	688,556
Disposals/write-off	–	(2,538)	(96)	–	–	(2,634)
At 31 March 2018	702,236	10,759	7,985	7,040	11,036	739,056
Exchange realignment	(748)	–	(67)	–	(13)	(828)
Additions	5,774	10,249	593	–	345	16,961
Disposals/write-off	–	(2,703)	(4,132)	–	(2,398)	(9,233)
At 31 March 2019	**707,262**	**18,305**	**4,379**	**7,040**	**8,970**	**745,956**
DEPRECIATION						
At 1 April 2017	808	4,231	3,638	4,717	5,024	18,418
Provided for the year	5,808	2,013	1,422	1,212	2,465	12,920
Eliminated on disposals/write-off	–	(2,538)	(96)	–	–	(2,634)
At 31 March 2018	6,616	3,706	4,964	5,929	7,489	28,704
Exchange realignment	(6)	–	(6)	–	(10)	(22)
Provided for the year	14,028	5,424	756	791	2,080	23,079
Eliminated on disposals/write-off	–	(2,488)	(3,644)	–	(2,352)	(8,484)
At 31 March 2019	**20,638**	**6,642**	**2,070**	**6,720**	**7,207**	**43,277**
CARRYING VALUES						
At 31 March 2019	**686,624**	**11,663**	**2,309**	**320**	**1,763**	**702,679**
At 31 March 2018	695,620	7,053	3,021	1,111	3,547	710,352

The costs of the leasehold land and buildings are depreciated over the shorter of the unexpired lease terms or 50 years on a straight-line basis.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The other items of property, plant and equipment are depreciated over their estimated useful lives after taking into account their estimated residual values, on a straight-line basis, at the following rates per annum.

Leasehold improvements	Over shorter of the term of leases or 30%
Furniture and fixtures	30%
Motor vehicles	30%
Computer equipment	30%

As at 31 March 2019, leasehold land and buildings of HK$655,798,000 (2018: HK$644,711,000) were pledged to the banks to secure bank borrowings granted to the Group.

As at 31 March 2019, the Group has not obtained title certificate in respect of a leasehold building located in the PRC of HK$5,774,000 (2018: nil).

14. INTANGIBLE ASSETS

Intangible assets amounting to HK$10,006,000 (2018: HK$10,006,000) are Type 9 (Asset Management) and Type 6 (Advising on Corporate Finance) licences issued by the Securities and Futures Commission which were acquired through acquisition of companies during the year ended 31 March 2018. These licences are renewable annually at minimal costs. In the opinion of the directors, the intangible assets have an indefinite useful life because they are expected to contribute net cash inflows indefinitely. The intangible assets 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.

As at 31 March 2019 and 2018, the directors of the Company performed an impairment assessment of the intangible assets with reference to market transactions and considered no impairment was necessary.

15. INTERESTS IN ASSOCIATES

	2019	2018
	HK$'000	*HK$'000*
Unlisted investments in associates, at cost	**14,894**	13,802
Share of post-acquisition profit (loss)	**897**	(366)
Cumulative exchange difference	**394**	969
	16,185	14,405

Included in the cost of unlisted investments is goodwill of an amount of HK$7,369,000 (2018: HK$7,829,000) arising on acquisitions of associates.

Details of the Group's principal associate at the end of the reporting period are as follows:

Name of associate	Place of establishment	Registered capital	Proportion of nominal value of registered capital held by the Group		Principal activities
			2019	2018	
柘西(上海)文化傳媒有限公司 ("**柘西傳媒**")	PRC	RMB6,250,000	**20%**	20%	Provision of financial public relations services in the PRC

15. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of a material associate

Summarised financial information in respect of 柘西傳媒, the Group's material associate, is set out below.

This associate is accounted for using the equity method in these consolidated financial statements.

	2019 **HK$'000**	2018 HK$'000
Current assets	**13,342**	14,517
Non-current assets	**144**	180
Current liabilities	**(920)**	(1,440)
Revenue	**1,702**	11,757
(Loss) profit for the year	**(217)**	500

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

	2019 **HK$'000**	2018 HK$'000
Net assets of the associate attributable to owners	**12,566**	13,257
Proportion of the Group's ownership interest in 柘西傳媒	**20%**	20%
Goodwill	**7,369**	7,829
Carrying amount of the Group's interest in 柘西傳媒	**9,882**	10,480

The material associate is strategic to the Group's activities of the provision of financial public relations services.

15. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	2019 **HK$'000**	2018 *HK$'000*
The Group's share of profit (loss) for the year	**1,306**	(466)
Aggregate carrying amount of the Group's interests in these associates	**6,303**	3,925

The exchange difference arising from translation of financial information of associates which represents a loss of HK$575,000 (2018: gain of HK$969,000) for the year ended 31 March 2019 is recognised in other comprehensive income and accumulated in translation reserve.

16. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2018 *HK$'000*
Listed bond securities at fair value:	
– listed on the Stock Exchange with fixed coupon interests ranging from 3.13% to 7.25% per annum and maturity dates ranging from 12 December 2018 to perpetual	659,563
– listed on SGX with fixed coupon interests ranging from 5% to 7.75% per annum and maturity dates ranging from 12 June 2018 to 4 October 2021	296,365
– listed overseas with floating rate of 0.232% over the 3-month London Interbank Offered Rate and perpetual maturity	19,605
Unlisted fund securities at fair value *(Note)*	95,018
Current assets	1,070,551
Unlisted equity investments, at cost:	
– in Hong Kong/overseas	21,875
– in the PRC	25,356
Non-current assets	47,231
	1,117,782

Note: The unlisted fund securities represented bond and unlisted mutual funds managed by financial institutions.

16. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

The fair values of the listed bond securities and the unlisted fund securities were based on market bid prices and quotes from fund managers, respectively at 31 March 2018.

The unlisted equity investments represented investments in unlisted equity securities issued by private entities established in Hong Kong, overseas and the PRC, which are principally engaged in restaurant operation, provision for online conference solution and broadcast of television shows and films, respectively. They were measured at cost less impairment losses at the end of the reporting period because the range of reasonable fair value estimates was so significant that the management was of the opinion that their fair values could not be measured reliably.

At 31 March 2018, available-for-sale investments of HK$997,038,000 were pledged to banks to secure the margin loans and short-term banking facilities granted to the Group.

Included in available-for-sale investments was the following amount denominated in a currency other than the functional currency of the respective group entity which it related:

	2018 *HK$'000*
United States dollars ("**USD**")	975,533

17. EQUITY INSTRUMENTS AT FVTOCI

	2019 ***HK$'000***
Listed equity investments, at fair value	
– in Hong Kong	**28,828**
Unlisted equity investments, at fair value	
– in Hong Kong	**940**
– in the PRC	**6,220**
Non-current assets	**35,988**

The equity investments represent the Group's equity interests in private entities which are engaged in restaurant operation in Hong Kong and broadcast of television shows and films in the PRC and a listed entity. During the year ended 31 March 2019, the Group subscribed convertible bond issued by a company listed in the Stock Exchange and converted into shares. Total consideration paid for the subscription and conversion is HK$38,808,000. The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as the Group intends to hold these equity investments for long term strategic purposes.

17. EQUITY INSTRUMENTS AT FVTOCI (CONTINUED)

At 31 March 2019, the fair value of the listed equity investments is based on the bid price quoted in the Stock Exchange.

At 31 March 2019, the fair values of the unlisted equity instruments of HK$940,000 and HK$6,220,000 were derived based on market approach. The valuations were carried out by Greater China Appraisal Limited, an independent firm of qualified professional values not connected with the Group.

Included in equity instruments at FVTOCI is the following amount denominated in a currency other than the functional currency of the respective group entity which it relates:

	2019 ***HK$'000***
Renminbi ("**RMB**")	**6,220**

18. CLUB DEBENTURE

At 31 March 2019, the unlisted club debenture of HK$12,200,000 (2018: HK$12,200,000) is stated at cost less impairment at the end of the reporting period.

19. CONTRACT ASSETS

	31 March 2019 ***HK$'000***	1 April 2018* *HK$'000*
Project costs incurred	**897**	8,278

* The amount in this column is after the adjustment from the application of HKFRS 15.

The contract assets from provision of financial public relations services primarily relate to the Group's right to consideration for work completed and not billed because the right is conditioned on the Group's future performance. The contract assets will be transferred to trade receivables when the rights become unconditional.

The significant decrease in the current year is the result of the decrease in number of projects with incomplete work as at 31 March 2019.

20. ACCRUED REVENUE AND TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Accrued revenue	**–**	20,843
Trade receivables, net of allowance	**252,460**	252,132
Other receivables		
– Deposits	**1,134**	2,077
– Prepayments	**1,386**	1,007
– Staff advances	**116**	4,134
– Others	**5,557**	5,104
	8,193	12,322
Total trade and other receivables	**260,653**	264,454

Service income arising from initial public offering is recognised when services are rendered and is generally billed within one month from the date of listing. Service income arising from retainer services from non-IPO Clients is recognised when services are rendered and is billed monthly, quarterly or semi-annually in arrears. Service income arising from organisation and coordination of international roadshows from international roadshow customers is recognised when services are rendered and is generally billed within 30 days from the completion of the event. The Group generally grants a credit period of 30 days to its customers.

Accrued revenue at 31 March 2018 represented service fees earned upon related services being rendered but not yet billed and due. Upon the initial application of HKFRS 15, accrued revenue was reclassified as trade receivables as the Group has the unconditional right to consideration.

Before accepting a new customer, the Group will internally assess the potential customer's credit quality and determine an appropriate credit limit. Management then closely monitors the outstanding balance and follow-up action is taken when debts are overdue.

20. ACCRUED REVENUE AND TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an aging analysis of trade receivables net of impairment allowance presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2019	2018
	HK$'000	*HK$'000*
Not yet billed	**24,059**	–
Within 30 days	**49,580**	43,836
31 to 90 days	**43,212**	58,781
91 days to 1 year	**122,538**	105,683
Over 1 year	**13,071**	43,832
	252,460	252,132

Included in the Group's trade receivable balance as at 31 March 2019 are debtors with aggregate carrying amount of HK$178,821,000 (2018: HK$208,296,000) which are past due at the end of the reporting period for which the Group has not made further provision for impairment loss on these receivable balances as they have either been subsequently settled or are due from certain major customers with no history of default and have strong financial background and good creditability. The Group does not hold any collateral over these balances.

The following is an aging analysis of trade receivables which are past due but not impaired at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
31 to 90 days	**43,212**	58,781
91 days to 1 year	**122,538**	105,683
Over 1 year	**13,071**	43,832
	178,821	208,296

The Group's management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality with satisfactory settlement history. Based on the payment history of the IPO Clients and non-IPO Clients of the Group, trade receivables which are past due but not impaired are generally collectible.

20. ACCRUED REVENUE AND TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in impairment allowance for trade receivables

	HK$'000
At 1 April 2017	12,905
Impairment loss recognised, net	16,977
At 31 March 2018	29,882
Additional impairment loss recognised under HKFRS 9	4,289
At 1 April 2018 (restated)	34,171
Reversal of impairment loss	(518)
Impairment loss recognised	28,913
At 31 March 2019	62,566

Included in impairment allowance for trade receivables as at 31 March 2018 were individually impaired trade receivables with an aggregate balance of HK$29,882,000. In determining the impairment allowance, a team which is employed by the management considered the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of the trade receivables. Specific allowance was only made for trade receivables that were unlikely to be collected.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2019 are set out in note 36.

Included in trade and other receivables are the following amounts denominated in currencies other than the functional currency of the respective group entity which it relates:

	2019 ***HK$'000***	2018 *HK$'000*
RMB	**261**	9,164
USD	**2,385**	2,086

21. AMOUNTS DUE FROM RELATED PARTIES

Particulars of the amounts due from related parties are disclosed as follows:

	2019	2018
	HK$'000	*HK$'000*
Draw Up Assets Limited ("**Draw Up Assets**")	**5,652**	919
Luoyang Glass Company Limited ("**Luoyang Glass**")	**–**	3,846
	5,652	4,765

Mr. Liu Tianni, the controlling shareholder and director of the Company, is a director and a member of key management of Draw Up Assets for both years. During the year ended 31 March 2019, Mr. Liu resigned and is no longer a director nor key management of Luoyang Glass.

Included in amounts due from related parties at 31 March 2018 was a balance of HK$3,846,000, which was trade in nature and represented receivable from Luoyang Glass for provision of financial public relations services. The Group allowed a credit period of 30 days to Luoyang Glass. At 31 March 2019 and 2018, the amount due from Draw Up Assets is unsecured, interest-free and repayable on demand.

The following is an aging analysis of amount due from a related party of trade nature presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**–**	418
31 to 90 days	**–**	124
91 days to 1 year	**–**	3,304
	–	3,846

21. AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)

The following is an aging analysis of the amount due from a related party of trade nature and past due but not impaired at the end of the reporting period:

	2019 **HK$'000**	2018 HK$'000
31 to 90 days	–	124
91 days to 1 year	–	3,304
	–	3,428

22. FINANCIAL ASSETS AT FVTPL

	2019 **HK$'000**
Listed bond securities in Hong Kong, at fair value	
– listed on the Stock Exchange with fixed coupon interest at 6.5% per annum and maturity date 11 August 2021	**155,141**
Unlisted equity investment, at fair value	**13,879**
Non-current assets	**169,020**

At 31 March 2019, the fair value of listed bond securities is based on the bid price quoted in the Stock Exchange.

At 31 March 2019, the unlisted equity investment represents an investment in preference shares (together with conversion right) in a private entity. The Group has the right, at its sole discretion, to convert all or any portion of the preference shares into ordinary shares at any time. The conversion rate for the preference shares shall be determined by dividing the issue price for the preference shares when they were issued, by the applicable conversion price. The Group has the right to redeem all the shares on or after the day falling on the fifth anniversary of the date of shareholders agreement as long as no initial public offer nor liquidation has occurred. The fair values of the preference shares and conversion right and redemption right are derived based on equity value allocation method and Black-Scholes option pricing model taking into account weighted average of probability of different scenarios. The valuations were carried out by Greater China Appraisal Limited, an independent firm of qualified professional valuer not connected with the Group.

22. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Included in financial assets at FVTPL is the following amount denominated in a currency other than the functional currency of the respective group entity which it relates:

	2019 *HK$'000*
USD	**169,020**

23. DEBT INSTRUMENTS AT FVTOCI

	2019 *HK$'000*
Listed bond securities at fair value:	
– listed on the Stock Exchange with fixed coupon interests ranging from 2.75% to 8.5% per annum and maturity dates ranging from 1 May 2019 to 22 August 2022	**192,966**
– listed on SGX with fixed coupon interests ranging from 6.625% to 11% per annum and maturity dates ranging from 18 May 2020 to 22 August 2021	**232,658**
Unlisted fund securities at fair value *(Note)*	**12,890**
	438,514
Analysed for reporting purposes as:	
Non-current assets	**361,272**
Current assets	**77,242**
	438,514

Note: The unlisted fund securities represent unlisted mutual funds managed by financial institutions.

The fair values of the listed bond securities and the unlisted fund securities are based on market bid prices and quotes from fund managers, respectively at the end of reporting period.

23. DEBT INSTRUMENTS AT FVTOCI (CONTINUED)

Included in debt instruments at FVTOCI is the following amount which is denominated in a currency other than functional currency of the respective group entities which they relate:

	2019
	HK$'000
USD	**435,663**

24. FINANCIAL PRODUCTS

At 31 March 2019, the Group's financial products are issued by banks in the PRC, with maturity of 92 days to 103 days (2018: 30 days to 60 days) and expected but not guaranteed returns ranging from 3.75% to 3.90% (2018: 3.1% to 4.5%) per annum, depending on the performance of its underlying investments, including foreign currencies or interest rate linked products, investment funds, bonds and debentures. The investments in financial products are classified as financial assets at FVTPL at initial recognition and measured at fair value at the end of the reporting period. The directors of the Company consider the fair values of the financial products approximate to the carrying amounts at the end of the reporting period because of their short maturities.

Included in financial products is the following amount which is denominated in a currency other than the functional currency of the respective group entity which it relates:

	2019	2018
	HK$'000	*HK$'000*
RMB	**109,717**	42,160

25. BANK BALANCES AND CASH

Bank balances at 31 March 2019 carry interest at prevailing market rates ranging from 0.01% to 1.83% (2018: 0.01% to 0.35%) per annum.

Included in bank balances and cash at 31 March 2018 were pledged bank deposits of HK$107,954,000 which were pledged to banks to secure the bank borrowings granted to the Group (2019: nil). The pledged bank deposits were short-term, highly liquid investments that were readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Such balance was transferred to an unsecured bank account during the year ended 31 March 2019.

25. BANK BALANCES AND CASH (CONTINUED)

Included in bank balances and cash are the following amounts which are denominated in currencies other than the functional currency of the respective group entities which they relate:

	2019	2018
	HK$'000	*HK$'000*
RMB	**22,413**	1,922
USD	**67,177**	5,795
Singapore Dollar ("**SGD**")	**2,199**	99
Great Britain Pound ("**GBP**")	**27**	26

26. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**33,734**	36,884
Deposits received from customers	**–**	30,378
Salaries payable	**13,493**	7,948
Accrued expenses	**3,175**	5,219
Other payables *(Note)*	**98,695**	2,923
	115,363	46,468
Total trade and other payables	**149,097**	83,352

Note: During the year ended 31 March 2019, a deposit of HK$80,372,000 is received from an independent party for subscription of 10% equity interest in a subsidiary of the Group.

The average credit period on purchase from suppliers is from 30 to 60 days.

26. TRADE AND OTHER PAYABLES (CONTINUED)

The following is an aging analysis of trade payables based on the invoice dates at the end of the reporting period:

	2019 **HK$'000**	2018 *HK$'000*
Within 30 days	**22,806**	8,887
31 to 60 days	**1,536**	4,404
61 to 90 days	**2,770**	4,287
91 days to 1 year	**4,792**	7,728
Over 1 year	**1,830**	11,578
	33,734	36,884

Included in trade and other payables is the following amount which is denominated in a currency other than the functional currency of the respective group entity which it relates:

	2019 **HK$'000**	2018 *HK$'000*
RMB	**242**	–

27. CONTRACT LIABILITIES

	31 March 2019 **HK$'000**	1 April 2018* *HK$'000*
Deposits received from customers	**63,805**	30,378

* The amount in this column is after the adjustment from the application of HKFRS 15.

The contract liabilities at 1 April 2018 of HK$30,378,000 were fully recognised as revenue in the current year. The contract liabilities as at 31 March 2019 of HK$63,805,000 are expected to be recognised as revenue for the year ending 31 March 2020.

28. BANK BORROWINGS

	2019 **HK$'000**	2018 *HK$'000*
Secured and variable-rate bank loans	**198,164**	925,817
The carrying amounts of the above bank borrowings are repayable*:		
Within one year	**35,346**	756,524
Within a period of more than one year but not exceeding two years	**7,531**	7,614
Within a period of more than two years but not exceeding five years	**23,657**	23,686
Within a period of more than five years	**131,630**	137,993
	198,164	925,817

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

	2019 **HK$'000**	2018 *HK$'000*
The carrying amounts of bank borrowings due within one year (including those loans with repayment on demand clause) shown under current liabilities	**198,164**	925,817

The bank borrowings bear interests ranging from 0.68% to 2.05% (2018: 0.32% to 1.16%) per annum plus cost of funds of the lender.

The range of effective interest rates (which are also the contracted interest rates) charged on the Group's borrowings for the year is as follows:

	2019	2018
Effective interest rates:		
Variable-rate borrowings	**1.68% to 3.05%**	0.97% to 2.44%

29. DEFERRED TAX ASSET (LIABILITY)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax asset and liability have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019 **HK$'000**	2018 HK$'000
Deferred tax asset	**1,245**	316
Deferred tax liability	**(1,793)**	(1,040)
	(548)	(724)

The following is the deferred tax asset (liability) recognised and its movements during both years:

	ECL allowance *HK$'000*	**Accelerated tax depreciation** *HK$'000*	**Total** *HK$'000*
At 1 April 2017	–	(402)	(402)
Charged to profit or loss *(note 10)*	–	(322)	(322)
At 31 March 2018	–	(724)	(724)
Adjustments *(note 2)*	708	–	708
At 1 April 2018 (restated)	**708**	**(724)**	**(16)**
Credited (charged) to profit or loss *(note 10)*	**464**	**(996)**	**(532)**
At 31 March 2019	**1,172**	**(1,720)**	**(548)**

At the end of the reporting period, the Group has unused tax losses of HK$74,918,000 (2018: HK$52,752,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of the future profit streams. The tax losses will expire 5 years from the year of origination.

30. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
At 1 April 2017, 31 March 2018 and 31 March 2019	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2017	1,192,204,000	11,922
Exercise of share options *(Note)*	1,770,000	18
At 31 March 2018 and 31 March 2019	1,193,974,000	11,940

Note: During the year ended 31 March 2018, 1,770,000 shares of HK$0.01 each were issued at HK$1.174 per share (2019: nil) upon exercise of the share options under the share option scheme of the Company (the "**Share Option Scheme**") by share option holders and all these shares rank pari passu with other shares of the Company in all respects.

31. SHARE–BASED PAYMENT TRANSACTIONS

The Share Option Scheme of the Company was adopted pursuant to a resolution in writing of the sole shareholder passed on 7 March 2012. The purposes of the Share Option Scheme is to enable the Group to grant options to full-time or part-time employees, directors (whether executive or non-executive), supplier, customer, joint venture partner, business associates and advisor (professional or otherwise) of the Company as incentives or rewards for their contribution to the Group. The Share Option Scheme became effective on 7 March 2012 (the "**Effective Date**"), subject to earlier termination by the directors and approved in advance by the shareholders in a general meeting. The Share Option Scheme shall be valid and effecting for a period commencing from the Effective Date.

At 31 March 2019, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 12,430,000 (2018: 15,140,000), representing 1.04% (2018: 1.27%) of the shares of the Company in issue at that date. The total number of shares of the Company available for issue under the Share Option Scheme must not in aggregate exceeds 30% of the issued share capital of the Company from time to time.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme (including exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

31. SHARE–BASED PAYMENT TRANSACTIONS (CONTINUED)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, (as defined under the Listing Rules) in excess of 0.1% of the shares of the Company in issue with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5,000,000, in the 12-month period up to and including the date of grant, are subject to shareholders' approval in a general meeting.

Options granted must be accepted in writing within 28 days from the date of grant upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the directors of the Company, which period may commence from the date of acceptance of the offer for the grant of share options but shall end, in any event, not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme.

The following table sets out the movements in the Company's share options held by the employees of the Group during both years:

Date of grant	Exercisable period	Exercise price	Outstanding at 1.4.2017	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2018	Lapsed during the year	Outstanding at 31.3.2019
		HK$							
Employees:									
28.1.2014	28.7.2015 – 27.7.2020	1.174	960,000	–	(400,000)	–	560,000	–	560,000
28.1.2014	28.7.2016 – 27.7.2020	1.174	1,970,000	–	(720,000)	–	1,250,000	(210,000)	1,040,000
28.1.2014	28.7.2017 – 27.7.2020	1.174	1,320,000	–	(650,000)	–	670,000	–	670,000
28.1.2014	28.7.2018 – 27.7.2020	1.174	2,640,000	–		(480,000)	2,160,000	–	2,160,000
26.1.2018	27.7.2019 – 27.7.2024	1.500	–	2,100,000	–	–	2,100,000	(500,000)	1,600,000
26.1.2018	27.7.2020 – 27.7.2024	1.500	–	2,100,000	–	–	2,100,000	(500,000)	1,600,000
26.1.2018	27.7.2021 – 27.7.2024	1.500	–	2,100,000	–	–	2,100,000	(500,000)	1,600,000
26.1.2018	27.7.2022 – 27.7.2024	1.500	–	4,200,000	–	–	4,200,000	(1,000,000)	3,200,000
			6,890,000	10,500,000	(1,770,000)	(480,000)	15,140,000	(2,710,000)	12,430,000

Note: The vesting period ends on the date when the exercisable period of the share options begins.

31. SHARE–BASED PAYMENT TRANSACTIONS (CONTINUED)

In respect of share options exercised during the year ended 31 March 2018, the weighted average share price at the date of exercise was HK$1.47.

During the year ended 31 March 2018, 10,500,000 options were granted on 26 January 2018. The estimated fair value of the options granted on that date was HK$6,088,000 (2019: nil).

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

Grant date	**26.1.2018**
Share price *(HK$)*	HK$1.5
Exercise price *(HK$)*	HK$1.5
Expected volatility	40.27%
Expected life *(years)*	6
Risk-free rate	1.8%
Expected dividend yield	0.0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Change in the subjective input may materially affect the fair value estimates.

The Group recognised the share-based payments of HK$1,577,000 (2018: HK$482,000) for the year ended 31 March 2019 in relation to share options granted by the Company.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

32. RETIREMENT BENEFITS PLAN

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs, with maximum of HK$1,500 per employee per month, to the MPF Scheme, which contribution is matched by employees.

Employees of a subsidiary in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The subsidiary is 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 state-managed retirement benefits schemes is to make the required contributions.

The total contribution to the retirement benefits schemes charged to the consolidated statement of profit or loss and other comprehensive income during the year is HK$5,272,000 (2018: HK$3,221,000).

33. COMMITMENTS

(i) Operating lease commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**3,634**	1,135
In the second to fifth year (inclusive)	**97**	–
	3,731	1,135

At 31 March 2019, included in operating lease commitment within one year and in the second to fifth year (inclusive) is rental payable by the Group to a director of the Company and a related party amounting to HK$3,497,000 and nil (2018: HK$384,000 and nil), respectively.

Operating lease payments represent rentals payable by the Group for the office premises. Leases are negotiated for an average term of one year (2018: one year) and rentals are fixed.

33. COMMITMENTS (CONTINUED)

(ii) Capital commitment

	2019 HK$'000	2018 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**2,451**	11,503

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Dividend payable HK$'000	Interest payable HK$'000	Bank borrowings HK$'000	Total HK$'000
At 1 April 2017	–	–	506,669	506,669
Financing cash flows	(88,289)	(12,659)	419,148	318,200
Dividend declared	88,289	–	–	88,289
Interest expenses	–	12,659	–	12,659
At 31 March 2018	–	–	925,817	925,817
Financing cash flows	–	(10,990)	(727,653)	(738,643)
Interest expenses	–	10,990	–	10,990
At 31 March 2019	–	**–**	**198,164**	**198,164**

35. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which includes the bank borrowings disclosed in note 28, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, other reserves and accumulated profits.

Management reviews the Group's capital structure regularly. The directors of the Company consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

36. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2019 ***HK$'000***	2018 *HK$'000*
Financial assets		
Financial assets at amortised cost	**422,569**	–
Loans and receivables (including cash and cash equivalents)	**–**	448,315
Debt instruments at FVTOCI	**438,514**	–
Equity instruments at FVTOCI	**35,988**	–
Financial assets at FVTPL	**169,020**	–
Available-for-sale investments	**–**	1,117,782
Financial products	**109,717**	42,160
Financial liabilities		
Amortised cost	**245,391**	970,649

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies

The Group's financial instruments include accrued revenue, trade and other receivables, amounts due from related parties, debt instruments at FVTOCI, equity instruments at FVTOCI, financial assets at FVTPL, available-for-sale investments, financial products, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management reviews and approves operation policies to ensure appropriate measures are implemented on a timely and effective manner to manage and monitor these risk exposures.

Other price risk

For listed bond securities, the management monitors market price exposure and will consider hedging significant market price exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to other price risk on listed bond securities and listed equity investment at the end of the reporting period. If the market bid price on such listed bond securities and listed equity investment had been 5% higher or lower, the profit for the year would increase or decrease by HK$6,477,000 and FVTOCI reserve would increase or decrease by HK$22,722,000 (2018: investment revaluation reserve would increase or decrease by HK$48,777,000) as a result of the change in fair value.

Interest rate risk

The Group is exposed to cash flow interest rate risk on its floating-rate listed bond securities, bank balances and bank borrowings (see notes 16, 23, 25 and 28 for details of these balances). The Group currently does not have a policy on cash flow hedges of interest rate risk. However, interest rate risk is closely managed by management and they will consider hedging significant interest rate risk should the need arise.

The Group also exposed to fair value interest rate risk on its fixed-rate listed bond securities which have fixed coupon interests (see notes 16 and 23 for details of these listed bond securities). Interest rate risk is closely managed by management and they will consider hedging significant interest rate exposure should the need arise.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for floating-rate bank borrowings. The analysis is prepared assuming that the amount of assets and liabilities outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points increase or decrease represents management's assessment of the reasonable and possible change in interest rates. No sensitivity analysis is presented for bank balances and floating-rate listed bond securities as the directors of the Company considered the Group's exposure to cash flow interest rate risk is not material.

If the interest rates on floating-rate bank borrowings had increased or decreased by 50 basis points and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2019 would decrease/increase by HK$827,000 (2018: HK$3,865,000).

Foreign currency risk

The carrying amounts of the Group's monetary assets and liabilities denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
RMB	**138,611**	53,246	**242**	–
USD	**674,245**	983,414	**–**	–
SGD	**2,199**	99	**–**	–
GBP	**27**	26	**–**	–

The Group is exposed to the foreign currency risk of RMB, USD, SGD and GBP. Under the pegged exchange rate system, the financial impact on exchange difference between HK$ and USD will be immaterial as most of the 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. For SGD and GBP exposures, no sensitivity analysis have been prepared as the amounts involved are insignificant.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Foreign currency risk (Continued)

The sensitivity analysis below details the Group's sensitivity to a 5% increase and decrease in HK$ against RMB. 5% is the sensitivity rate used which represents management's assessment of the reasonable and possible change in the foreign currency rate. The sensitivity analysis includes the Group's monetary assets and monetary liabilities denominated in RMB. A negative number indicates a decrease in post-tax profit for the year when HK$ strengthens 5% against RMB. For a 5% weakening of HK$ against RMB, there would be an equal but opposite impact on the post-tax profit for the year.

	2019 ***HK$'000***	2018 *HK$'000*
RMB	**(5,777)**	(2,223)

In the opinion of management, the sensitivity analysis is not representative of the inherent foreign currency risk as the year end exposures do not reflect the exposures during the year.

Credit risk and impairment assessment

As at 31 March 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality with reference to credit ratings if applicable and defines credit limits of customer. Limits and credit ratings attributed to customers are reviewed periodically. As part of the Group's credit risk management, the Group also applies internal credit rating for its customers. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances and contract assets individually. Before application of HKFRS 9, the Group performs impairment assessment under incurred loss model on trade balances and contract assets. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

Internal credit rating	Description	Trade receivables/ contract assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL – not credit-impaired
Watch list	Debtor frequently repays but usually settle after due date	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
Loss	There is evidence indicating the asset is 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

The following table provides information about the exposure to credit risk for financial assets and contract assets at 31 March 2019.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

	External credit rating	Internal credit rating	Loss rate range	12-month ECL or lifetime ECL	Gross carrying amount *HK$'000*
Trade receivables	N/A	Low risk	0.00%-6.00%	Lifetime ECL (not credit impaired)	168,619
		Watch list	2.00%-22.29%	Lifetime ECL (not credit impaired)	88,719
		Loss	100%	Lifetime ECL (credit impaired)	57,688
Contract assets	N/A	Low risk	N/A	Lifetime ECL (not credit impaired)	897
Debt instruments at FVTOCI	B2-B3	N/A	0.02%-3.94%	12m ECL	364,303
Debt instruments at FVTOCI	N/A	Low risk	3.16%-4.78%	12m ECL	83,313
Amounts due from related parties	N/A	Low risk	N/A	12m ECL	5,652
Bank balances	Aa2-Ba2	N/A	N/A	12m ECL	157,173
Other receivables	N/A	Low risk	N/A	12m ECL	5,557

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets 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	–	29,882	29,882
Adjustments upon application of HKFRS 9	4,289	–	4,289
At 1 April 2018 (restated)	4,289	29,882	34,171
Reversal of impairment loss	(518)	–	(518)
Impairment loss recognised	1,107	27,806	28,913
At 31 March 2019	**4,878**	**57,688**	**62,566**

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Debt instruments at FVTOCI

The Group assesses the credit risk of debt instruments at FVTOCI at the reporting date. The Group's debt instruments at FVTOCI mainly comprise listed bonds that are graded by credit-rating agencies as per globally understood definitions and certain bonds without external credit rating are assessed by internal credit ratings.

	12m ECL *HK$'000*
At 31 March 2018	–
Adjustments upon application of HKFRS 9	8,142
At 1 April 2018 (restated)	8,142
Impairment loss recognised	960
At 31 March 2019	**9,102**

Other receivables and amounts due from related parties

Other receivables and amounts due from related parties were assessed individually. No allowance for impairment was made since the directors of the Company consider that the loss given default is minimal after assessing the counterparties' financial background and creditability.

Bank balances

For bank balances, no impairment allowance was recognised since the directors of the Company consider the probability of default is negligible as such amounts are receivable from or placed in banks having good reputation.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk

The Group maintains a level of cash and cash equivalents that it considers adequate to finance the Group's operations.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayable on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest rates are floating rates, the interest payments (undiscounted) is calculated based on from interest rate prevailing at the end of the reporting period.

	Weighted average interest rate	Repayable on demand or within 1 year	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2019				
Trade and other payables	**N/A**	**47,227**	**47,227**	**47,227**
Bank borrowings	**2.30**	**198,164**	**198,164**	**198,164**
		245,391	**245,391**	**245,391**
As at 31 March 2018				
Trade and other payables	N/A	44,832	44,832	44,832
Bank borrowings	1.24	925,817	925,817	925,817
		970,649	970,649	970,649

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or within 1 year" time band in the above maturity analysis. As at 31 March 2019, the aggregate undiscounted principal amounts of these bank loans amounted to HK$198,164,000 (2018: HK$925,817,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights demand immediate repayment. The directors of the Company believe that such bank loans will be repaid within 1–19 years (2018: 1–20 years) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest payments amount to HK$238,745,000 (2018: HK$959,799,000).

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's variable rate bank loans based on the scheduled repayment dates set out in the loan agreement as set out in the table below:

	Weighted average interest rate	Repayable on demand or within 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Total carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2019	**2.30**	**39,190**	**11,190**	**33,570**	**154,795**	**238,745**	**198,164**
As at 31 March 2018	1.24	759,906	10,614	31,842	157,437	959,799	925,817

36. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to the fair value
	2019	2018				
	HK$'000	*HK$'000*				
Equity instruments at FVTOCI						
– Listed equity investments *(note 17)*	**28,828**	N/A	Level 1	Quoted bid prices in the markets	N/A	N/A
– Unlisted equity investments *(note 17)*	**7,160**	N/A	Level 3	Market approach. The market approach was used to determine the valuation using price to net-book-value ("**P/B**") ratio of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability discount and the P/B ratio of selected comparable companies.	The higher the lack of marketability discount, the lower the fair value. The higher the P/B ratio, the higher the fair value.
Financial assets at FVTPL						
– Listed bond securities *(note 22)*	**155,141**	N/A	Level 2	Quoted bid prices in the markets	N/A	N/A
– Unlisted equity investment *(note 22)*	**13,879**	N/A	Level 3	Market approach. The market approach was used to determine the valuation using price to sales ("**P/S**") ratio of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability discount and the P/S ratio of selected comparable companies.	The higher the lack of marketability discount, the lower the fair value. The higher the P/S ratio, the higher the fair value.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to the fair value
	2019	2018				
	HK$'000	*HK$'000*				
Debt instruments at FVTOCI						
– Listed bond securities *(note 23)*	**425,624**	N/A	Level 2	Quoted bid prices in the markets	N/A	N/A
– Unlisted fund securities *(note 23)*	**12,890**	N/A	Level 3	Redemption price *(Note)*	N/A	N/A
Available-for-sale investments						
– Listed bond securities *(note 16)*	**N/A**	975,533	Level 2	Quoted bid prices in the markets	N/A	N/A
– Unlisted fund securities *(note 16)*	**N/A**	95,018	Level 3	Redemption price *(Note)*	N/A	N/A
Financial products *(note 24)*	**109,717**	42,160	Level 3	Discounted cash flow	Discount rate	The higher the discount rate, the lower the fair value.
					Maturity period	The longer the maturity period, the higher the fair value.

Note: The fair value of unlisted fund securities was established by making reference to the redemption price quoted by respective fund managers.

The fair values of the financial assets included in the level 3 categories have been determined in accordance with generally accepted pricing models based on their discounted cash flow.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements

	Debt instruments at FVTOCI HK$'000	Equity instruments at FVTOCI HK$'000	Financial assets at FVTPL HK$'000	Available-for-sale investments HK$'000	Financial products HK$'000
At 1 April 2017	–	–	–	–	79,520
Purchases	–	–	–	95,018	40,120
On disposals or maturity	–	–	–	–	(79,760)
Exchange realignment	–	–	–	–	2,280
At 31 March 2018	–	–	–	95,018	42,160
Reclassification under HKFRS 9 as level 3 fair value measurement	95,018	14,710	13,879	(95,018)	–
At 1 April 2018 (restated)	**95,018**	**14,710**	**13,879**	**–**	**42,160**
Purchases	**115,933**	**–**	**–**	**–**	**109,562**
On disposals or maturity	**(194,025)**	**–**	**–**	**–**	**(39,629)**
Fair value loss	**(4,036)**	**(7,550)**	**–**	**–**	**–**
Exchange realignment	**–**	**–**	**–**	**–**	**(2,376)**
At 31 March 2019	**12,890**	**7,160**	**13,879**	**–**	**109,717**

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

37. PLEDGE OF ASSETS

	2019 **HK$'000**	2018 HK$'000
Leasehold land and buildings	**655,798**	644,711
Available-for-sale investments	**–**	997,038
Bank balances and cash	**–**	107,954
	655,798	1,749,703

38. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following related party transactions:

	2019 **HK$'000**	2018 HK$'000
Financial public relations service income from Luoyang Glass	**–**	3,875
Rental expenses paid to a director of the Company	**383**	129
Rental expenses paid to a related party *(Note)*	**2,521**	2,840
Salaries and allowances paid to related parties *(Note)*	**1,379**	1,228
Interest expense paid to a related party *(Note)*	**–**	1,198

On 30 September 2017, the Group acquired a subsidiary, Delta Consultancy Group Company Limited ("**Delta Consultancy**") from a related party *(Note)* at a consideration of HK$15.5. At date of acquisition, the net asset value of Delta Consultancy was nil.

Note: These related parties are close family members of Mr. Liu Tianni, the controlling shareholder and director of the Company.

38. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

The remuneration of directors and other member of key management during the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
Salaries and allowances	**7,548**	7,227
Performance related incentive payments	**1,210**	1,388
Retirement benefit scheme contributions	**90**	90
Share-based payments	**1,216**	85
	10,064	8,790

39. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 25 August 2017, the Group and an independent third party, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests of Golden Jade Securities Limited, Golden Jade Capital Limited and Golden Jade Asset Management Limited, which hold Type 9 (Asset Management) and Type 6 (Advising on Corporate Finance) licences issued by the Securities and Futures Commission, with a total consideration of HK$10,157,000.

Net identifiable assets of the subsidiaries acquired:

	HK$'000
Intangible assets *(note 14)*	10,006
Bank balances and cash	177
Other payables	(26)
	10,157

39. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES (CONTINUED)

Consideration transferred, satisfied by:

	HK$'000
Cash consideration paid	10,157
Less: Net assets acquired	(10,157)
	–

Analysis of net outflow of cash and cash equivalent in respect of acquisition of of the subsidiaries:

	HK$'000
Cash consideration paid	(10,157)
Cash and bank balances acquired	177
	(9,980)

In the opinion of the directors, the acquisition of these companies did not constitute a business. Therefore, the transactions were determined by the directors of the Company to be acquisition of assets and liabilities through acquisition of subsidiaries rather than a business combination as defined in HKFRS 3.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries held by the Company at 31 March 2019 and 2018 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at 31 March		Principal activities
				2019 %	2018 %	
Alpha Financial Press Limited	Hong Kong, 17 December 2014	Hong Kong	US$1	**100**	100	Provision of financial printing services in Hong Kong
Delta Consultancy	BVI, 17 February 2005	Hong Kong	US$2	**100**	100	Property holding
Fortunate Idea Holdings Limited	BVI, 13 February 2015	Hong Kong	US$1	**100**	100	Investment holding and securities investments
IR Global Roadshow Limited	BVI, 15 September 2010	Hong Kong	US$50,000	**100**	100	Organisation and coordination of international roadshow
Shine Talent Holdings*	BVI, 11 November 2010	Hong Kong	US$2	**100**	100	Investment holding
Wonderful Sky Financial Group	Hong Kong, 1 August 2006	Hong Kong	HK$10,000	**100**	100	Provision of financial public relations services in Hong Kong
Wonderful Sky Strategic Investment Consulting (Beijing) Limited	PRC, 13 September 2012	PRC	HK$5,000,000	**100**	100	Provision of financial public relations services in the PRC

* Directly held by the Company
# The company was established in the PRC in form of wholly foreign-owned enterprise.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the year and at the end of the year.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current assets		
Investments in subsidiaries	–	–
Amount due from a subsidiary	358,758	358,758
Equity instruments at FVTOCI	28,828	–
Financial assets at FVTPL	52,571	–
Debt instruments at FVTOCI	195,766	–
Club debenture	12,200	12,200
	648,123	370,958
Current assets		
Available-for-sale investments	–	680,622
Debt instruments at FVTOCI	7,961	–
Amounts due from subsidiaries	427,664	326,037
Taxation recoverable	8,374	2,009
Bank balances and cash	8,588	108,646
	452,587	1,117,314
Current liabilities		
Other payables	499	736
Amounts due to subsidiaries	282,976	34,717
Bank borrowings	–	623,815
	283,475	659,268
Net current assets	169,112	458,046
Net assets	817,235	829,004
Capital and reserves		
Share capital	11,940	11,940
Reserves *(Note)*	805,295	817,064
Total equity	817,235	829,004

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Share options reserve *HK$'000*	Investment revaluation reserve/ FVTOCI reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
At 1 April 2017	725,808	(4,773)	1,718	2,969	156,271	881,993
Profit for the year	–	–	–	–	44,258	44,258
Fair value loss on available-for-sale investments	–	–	–	(24,057)	–	(24,057)
Reclassification adjustment relating to available-for-sale investments disposed of during the year	–	–	–	617	–	617
Other comprehensive expense for the year	–	–	–	(23,440)	–	(23,440)
Total comprehensive (expense) income for the year	–	–	–	(23,440)	44,258	20,818
Exercise of share options	2,575	–	(515)	–	–	2,060
Recognition of equity-settled share-based payments	–	–	482	–	–	482
Lapse of share options	–	–	(35)	–	35	–
Dividend recognised as distribution	–	–	–	–	(88,289)	(88,289)
At 31 March 2018	728,383	(4,773)	1,650	(20,471)	112,275	817,064
Adjustments on adoption of HKFRS 9*	–	–	–	4,714	(4,714)	–
At 1 April 2018 (restated)	728,383	(4,773)	1,650	(15,757)	107,561	817,064

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: (Continued)

	Share premium	Capital redemption reserve	Share options reserve	Investment revaluation reserve/ FVTOCI reserve	Accumulated profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit for the year	–	–	–	–	(5,007)	(5,007)
Net gain on debt instruments at FVTOCI	–	–	–	1,595	–	1,595
Impairment loss on debt instruments at FVTOCI included in profit or loss	–	–	–	47	–	47
Loss on change in fair value of equity instruments at FVTOCI	–	–	–	(9,981)	–	(9,981)
Other comprehensive expense for the year	–	–	–	(8,339)	–	(8,339)
Total comprehensive expense for the year	–	–	–	(8,339)	(5,007)	(13,346)
Recognition of equity-settled share-based payments	–	–	1,577	–	–	1,577
Lapse of share options	–	–	(62)	–	62	–
At 31 March 2019	728,383	(4,773)	3,165	(24,096)	102,616	805,295

* As at 1 April 2018, ECL for debt instruments at FVTOCI are assessed on 12m ECL basis and an additional credit loss allowance of HK$4,714,000 has been recognised against opening accumulated profits. The additional FVTOCI loss allowance is charged against opening accumulated profits with corresponding adjustment to FVTOCI reserve.

42. RECLASSIFICATION

Certain comparative figures have been reclassified to conform with the current year's presentation.