華邦金融控股有限公司

Huabang Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3638)

2017

ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. George Lu *(Chief Executive Officer (appointed on 2 June 2016) and Chairman)*
Mr. Lau Wan Po *(Vice-chairman) (re-designated on 7 March 2017)*
Mr. Pang Chung Fai Benny *(Vice-chairman) (re-designated on 26 January 2017)*
Ms. Lau Wing Sze *(resigned as Chief Executive Officer and remained as an Executive Director on 2 June 2016)*
Ms. Shen Wei *(resigned on 26 January 2017)*

NON-EXECUTIVE DIRECTOR

Mr. Lau Wan Po *(Vice-chairman) (appointed on 26 January 2017 and re-designated as Executive Director on 7 March 2017)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Loo Hong Shing Vincent
Mr. Shin Yick Fabian *(appointed on 30 September 2016)*
Mr. Mu Binrui *(appointed on 26 January 2017)*
Mr. Lam Allan Loc *(appointed on 26 January 2017)*
Mr. Pang Chung Fai Benny *(re-designated as Executive Director on 26 January 2017)*
Mr. Yeung Wai Fai Andrew *(appointed on 2 June 2016 and resigned on 30 September 2016)*
Mr. Wan Tak Shing *(resigned on 2 June 2016)*

AUTHORISED REPRESENTATIVES

Ms. Lau Wing Sze
Mr. Wong Kwok Ming

COMPANY SECRETARY

Mr. Wong Kwok Ming *(appointed on 1 April 2016)*
Mr. Tung Sze Ho Dicky *(appointed on 1 March 2016 and resigned on 1 April 2016)*

AUDIT COMMITTEE

Mr. Shin Yick Fabian *(Chairman) (appointed on 30 September 2016)*
Mr. Loo Hong Shing Vincent
Mr. Lam Allan Loc *(appointed on 26 January 2017)*
Mr. Pang Chung Fai Benny *(re-designated as Executive Director and ceased to be a member of Audit Committee on 26 January 2017)*
Mr. Yeung Wai Fai Andrew *(Chairman) (appointed on 2 June 2016 and resigned on 30 September 2016)*
Mr. Wan Tak Shing *(Chairman) (resigned on 2 June 2016)*

REMUNERATION COMMITTEE

Mr. Loo Hong Shing Vincent *(Chairman)*
Mr. Shin Yick Fabian *(appointed on 30 September 2016)*
Mr. Lam Allan Loc *(appointed on 26 January 2017)*
Mr. Pang Chung Fai Benny *(re-designated as Executive Director and ceased to be a member of Remuneration Committee on 26 January 2017)*
Mr. Yeung Wai Fai Andrew *(appointed on 2 June 2016 and resigned on 30 September 2016)*
Mr. Wan Tak Shing *(resigned on 2 June 2016)*

NOMINATION COMMITTEE

Mr. Lam Allan Loc *(Chairman) (appointed on 26 January 2017)*
Mr. George Lu
Mr. Loo Hong Shing Vincent
Mr. Pang Chung Fai Benny *(re-designated as Executive Director and ceased to be a member and Chairman of Nomination Committee on 26 January 2017)*

CORPORATE GOVERNANCE COMMITTEE

Mr. Wong Kwok Ming *(Chairman)*
Ms. Lau Wing Sze
Ms. Lu Qinzhen

REGISTERED OFFICE

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

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

29th Floor
Enterprise Square Two
3 Sheung Yuet Road
Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law
Angela Ho & Associates
Unit 1405, 14/F
Tower 1, Admiralty Centre
18 Harcourt Road
Hong Kong

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

STOCK CODE

3638

COMPANY WEBSITE ADDRESS

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

FINANCIAL SUMMARY

FINANCIAL SUMMARY

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

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**836,542**	1,206,159	920,269	787,650	511,799
Gross profit	**34,221**	61,630	56,130	52,530	49,809
Profit before income tax	**6,312**	30,519	32,649	24,243	23,891
Profit for the year attributable to equity holders of the Company	**5,389**	23,448	25,347	16,790	17,876
Financial position					
Total assets	**414,029**	476,942	478,012	391,846	287,664
Total liabilities	**4,204**	211,463	270,730	223,671	176,046
Total equity	**409,825**	265,479	207,282	168,175	111,618

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of Huabang Financial Holdings Limited (the "Company"), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2017 (the "Current Year") for shareholders' review.

Looking back to the year, the global economy continued to be uncertain and challenging and China's economic growth continued to slow down. Under such unfavorable economic and market situation, there were numerous challenges in the industry which the Group operates. In view of such market conditions, the Group continued to keep on tight control of its operations and focused on enhancing operation efficiency and implementing various cost control measures. The Group continued to devote substantial efforts in maintaining a healthy and strong balance sheet by various possible ways, such as improving the inventory management and trade receivables control, cost saving, disposing of unprofitable investments and putting effort to significantly reduce the level of bank borrowings. The Group will continue to monitor the market trends and take prompt and appropriate actions to adjust our business strategies and allocate resources effectively under different market conditions.

In order to maximise returns to the shareholders and to diversify the Group's income stream, apart from existing business, the Group from time to time explores possibilities of new scope of businesses. In late July 2016, the Group possesses a money lender licence through a wholly-owned subsidiary of Group. The licence is issued under and pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group will make efforts to develop the money lending business in Hong Kong and the Group is able to engage in the provision of loan financing including but not limited to personal loans and business loans under the scope of Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong. With reference to the statistics of loans and advances granted by authorised institutions as published by the Hong Kong Monetary Authority as a proxy to the credit market growth, the amount of loans and advances granted by authorised institutions for use in Hong Kong has been fast growing over the years. In light of the above, we believe that the loan demand in Hong Kong will remain robust and this new business will have a promising prospect.

During the year under review, the Group has also expanded its business scope into financial advisory services industry. The Group successfully acquired a new business, namely, Huabang Corporate Finance Limited ("Huabang Corporate Finance"), a licensed corporation carrying on business in Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO"). In March 2017, the Group had also entered into a conditional sale and purchase agreement for the acquisition of a target company which are licensed corporations to carry out Type 1 (Dealing in securities) and Type 4 (Advising on securities) regulated activities under the SFO. These acquisitions will provide a strong foothold for the Group to further extend its business presence in the financial service industry and enable the Group to diversify its business scope and further broaden its source of income. We believe these acquisitions can make future contribution to the Group and help the Group develop sustainably.

CHAIRMAN'S STATEMENT

The Company has changed its name from "Goldenmars Technology Holdings Limited" to "Huabang Financial Holdings Limited" and its Chinese name from "晶芯科技控股有限公司" to "華邦金融控股有限公司" in March 2017. The change of company name will better create a new corporate image and benefit future business development of the Group which is in the interests of the Group and the shareholders as a whole, especially in these challenging economic times. We constantly evaluate our business strategies towards, and the performance of, the business operations of the Group. It is dedicated not only to developing the Group's existing businesses but is also dynamic in pursuing business diversification to generate new avenues for growth.

Looking ahead, we are confident with the future development of the Group. It is the Group's strategy to make effort to develop and diversify its business operations including but not limited to develop the business of corporate finance advisory services, money lending business and securities brokerage and margin financing business. The Group will continue to dedicate to exploiting new business opportunities in other sectors from time to time, such as other financial services sectors or other business sectors, in order to further diversify and broaden revenue sources of the Group and generate fabulous returns and long term values for shareholders.

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

George Lu
Chairman

Hong Kong, 14 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Business Review

During the year, the Group was principally engaged in (i) computer and peripheral products business; (ii) money lending business; and (iii) provision of corporate finance advisory services.

The Group operates in the computer and peripheral products industry which is dynamic and competitive and there have been constant changes in new technologies in the industry. During the year under review, the global economy remained fragile and challenging compared with previous year. China's economic growth continued to slow down and the overall market competition remained intensive. Attributed to the overall market environment and decrease in market demand in the computer and peripheral products business, the Group's overall revenue decreased accordingly. In view of such market conditions, the Group continuously keep on tight control of its operations. The Group focused on enhancing operation efficiency and implementing various cost control measures. The Group continues to monitor the market trends and take prompt and appropriate actions to adjust our business strategies and allocate resources effectively under different market conditions.

In order to maximise returns to the shareholders and to diversify the Group's income stream, apart from existing business, the Group from time to time explores possibilities of new scope of businesses.

In late July 2016, the Group acquired a money lender license through a wholly-owned subsidiary of Group. The license was issued under and pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The money lending operation had commenced and the primary source of revenue is generated from interest received from loans provided to customers. The income from money lending business contributed approximately HK$6.1 million for the year.

In February 2017, the Group completed the acquisition of the entire equity interest in Qianhai Financial Limited, which was subsequently renamed as Huabang Financial Limited ("Huabang Financial") at a cash consideration of HK$24,000,000. Huabang Financial is a company incorporated in Hong Kong which directly holds the entire issued share capital of Huabang Corporate Finance. Huabang Corporate Finance is a licensed corporation carrying on business in Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). It is licensed to conduct the following regulated activities under the SFO in Hong Kong:

– Acting as sponsor for the corporate clients to have an initial public offering ("IPO") on the Hong Kong Stock Exchange

– Advising on the Codes on Takeovers and Mergers and Share Buy-backs in Hong Kong

– Acting as Financial Adviser for the listed companies in Hong Kong in the context of the Listing Rules

Revenue from this new provision of corporate finance advisory services contributed approximately HK$1.4 million for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

In March 2017, the Group entered into a conditional sale and purchase agreement for the acquisition of the entire issued share capital of a target company at the consideration of approximately HK$180.2 million. The target company is a licensed corporation under the SFO with the following regulated activities: (i) Type 1: Dealing in securities; and (ii) Type 4: Advising on securities. The principal activities are provision of brokerage services and securities margin financing to clients. This transaction had not been completed yet at the date of this annual report and the completion of the acquisition is still subjected to the fulfilment of all the conditions precedent in accordance to the agreement. Upon completion of this acquisition, the Group would further expand and diversify its financial services business and achieve synergy effect.

The Group believes the above acquisitions made during the year provide a strong foothold for the Group to extend its business presence in the financial service industry and enable the Group to diversify its business scope and further broaden its source of income.

Looking Ahead

Looking ahead, the economic environment will remain challenging. The Group understands the challenges and will focus on improving operational efficiency, cost saving and strict risk control in facing the economic uncertainty. The Group will continue to adhere to the principle of steady development for its existing business segments with the view of further improving profitability and generating better returns and long term values for shareholders.

Despite the uncertainties and competitive landscape, it is the Group's strategy to keep looking for market opportunities. The Group will continuously dedicate to exploiting new business opportunities in other financial service sectors or other business sectors. The Group will continue to make effort to further extend its business foothold in the financial service industry in order to diversity our business scope and broaden the income sources with the aim to maximise the return to its shareholders and help the Group develop sustainably. The Group looks forward to its further development in coming year.

FINANCIAL REVIEW

Revenue and Gross Profit Margin

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

(a) computer and peripheral products business;

(b) money lending business; and

(c) provision of corporate finance advisory services.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by business segments for the Group's revenue for the year ended 31 March 2017 is as follows:

- Computer and peripheral products business: approximately HK$829.0 million, representing 99.1% of revenue

- Money lending business: approximately HK$6.1 million, representing 0.7% of revenue

- Provision of corporate finance advisory services: approximately HK$1.4 million, representing 0.2% of revenue

The Group's total revenue for the year was approximately HK$836.5 million, being a decrease of approximately HK$369.7 million when compared to the previous year of approximately HK$1,206.2 million. The decrease was mainly attributable to decrease in revenue derived from computer and peripheral products business due to unfavorable market conditions and increasing competitive among the business segment, which was partially offset by the revenue contribution from the Group's new business segments on money lending business and provision of corporate finance advisory services.

Gross profit margin for the year was approximately 4.1% (2016: 5.1%). Decrease in gross profit margin was mainly caused by the relatively lower gross profit margin earned from computer and peripheral products business for the year.

Selling Expenses

The decrease in selling expenses by approximately HK$0.6 million was mainly due to the decrease in employee benefit expenses contributed by the results of enhancement of organizational structure.

General and Administrative Expenses

General and administrative expenses for year increased by approximately HK$11.4 million from the last corresponding year, which was mainly due to recognition of equity-settled share-based payments of approximately HK$14.3 million (2016: nil) relating to the granting of share options to the Directors and certain employees of the Group during the year. This item was non-cash expense in nature and did not have any impact to the Group's cash flow position.

Excluding such equity-settled share-based payments of HK$14.3 million, the Group's general and administrative expenses for the year was approximately HK$16.2 million, being a decrease of approximately HK$2.9 million when compared to the previous year of approximately HK$19.1 million. The decrease was mainly attributable to the enhancement of organizational structure and strict cost control during the year.

Other Losses

The Group's other losses for the year was approximately HK$0.8 million, being a decrease of approximately HK$0.3 million when compared to the previous year of approximately HK$1.1 million. The decrease was mainly due to the decrease in exchange loss in foreign currency translation during the year.

Gain on Disposal of Equity Interest in an Investment Accounted for Using Equity Method

On 15 June 2016, the Group signed an agreement with an independent third party to dispose of the entire 12.42% equity interest in Bozhou Botong Information Technology Company Limited ("Bozhou Botong"), an associate for cash consideration of RMB19,250,000. The completion took place on 29 September 2016. Following the completion, the Company ceased to have any direct or indirect equity interest in Bozhou Botong. A gain on disposal of approximately HK$6.7 million was recognised from the disposal, being difference between the consideration of disposal and the carrying value of the investment in associate.

Finance Costs

Finance costs for the year was approximately HK$1.2 million, being a decrease of approximately HK$4.7 million when compared to the previous year of approximately HK$5.9 million. The decrease was mainly attributable to less bank interest expenses being incurred due to repayment of bank borrowings and decrease in making trust receipt loans during the year.

Income Tax Expense

Income tax expense for the year was approximately HK$0.9 million, being a decrease of approximately HK$6.2 million when compared to the previous year of approximately HK$7.1 million, which was due to the decrease in the assessable profits for the year.

Profit for the Year Attributable to Equity Holders of the Company

The profit for the year attributed to equity holders of the Company amounted to approximately HK$5.4 million, being a decrease of approximately HK$18.0 million when compared to the previous year of approximately HK$23.4 million, resulted in a basic and diluted earnings per share for the year of HK0.15 cent (2016: HK0.67 cent).

Inventories, Loan Receivables and Trade Receivables

The Group has enhanced the inventory control policy to manage business risks associated with its principal activities, which resulted in the decrease in inventories by approximately 97.0% as at year end date and the overall inventories turnover days was significantly improved to below one week during the year.

The Group continues to closely monitor the settlements from its customers on a going basis to ensure the credit risk is minimised at a reasonable and acceptable level from time to time. As at 31 March 2017, the Group's loan receivables amounted to approximately HK$70.4 million (2016: nil), which arise from its money lending business in Hong Kong, are all repayable within one year from the dates of inception of the loan agreements and no provision for impairment of loan receivables has been made during the year. The Group's trade receivables decreased by approximately HK$99.1 million, from approximately HK$187.6 million as at 31 March 2016 to approximately HK$88.5 million as at 31 March 2017.

Liquidity, Financial Resources and Treasury Policy

The Group maintained a solid financial position during the year. As at 31 March 2017, cash and cash equivalents of the Group amounted to approximately HK$152.2 million (31 March 2016: HK$205.7 million), and the Group's net assets amounted to approximately HK$409.8 million (31 March 2016: HK$265.5 million).

The Group had settled all bank borrowings during the year. As at 31 March 2017, there was no outstanding bank borrowings balance (31 March 2016: HK$162.5 million). The Group's liquidity position was well-managed during the year.

As at 31 March 2017, the Group was at a healthy financial position as there were sufficient cash and cash equivalents with no bank borrowings (that is net cash position). The current ratio of the Group, calculated by dividing the total current assets by total current liabilities, was significantly improved from approximately 1.9 as at 31 March 2016 to approximately 78.3 as at 31 March 2017.

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

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

Capital Structure and Fund Raising Activities

Share Subdivision

The capital of the Company comprises only ordinary shares. By an ordinary resolution passed at an extraordinary general meeting on 5 May 2016, the Company effected a subdivision of shares whereby every issued and unissued ordinary shares of HK$0.01 each were subdivided into twelve new ordinary shares ("Subdivided Shares") of HK$0.0008333 each (the "Share Subdivision").

Following the Share Subdivision which became effective on 6 May 2016, the Company's authorised share capital was divided from 8,000,000,000 shares of HK$0.01 each into 96,000,000,000 Subdivided Shares of HK$0.0008333 each, of which 3,526,560,000 ordinary shares were in issue and fully paid as at the date of the subdivision.

Placing

On 24 October 2016, the Company completed a placing of 330,000,000 ordinary shares, of nominal value of approximately HK$275,000 in the capital of the Company at a price of HK$0.46 per placing share to not less than six independent third parties. The gross proceeds and net proceeds from the Placing are approximately HK$151.8 million and HK$144.2 million respectively. Details of which please refer to the announcement of the Company dated 24 October 2016.

As at 31 March 2017, the number of ordinary shares of the Company in issued and fully paid was 3,856,560,000.

Capital Commitments

As at 31 March 2017 and 2016, there is no significant capital commitment.

Pledge of Assets

As at 31 March 2017, the Group has pledged the properties with carrying values of approximately HK$43.9 million to secure general banking facilities granted to the Group.

As at 31 March 2016, the Group has pledged the properties with carrying values of approximately HK$45.3 million to secure general banking facilities granted to the Group.

Foreign Currency Exposure

The Group exposes to certain foreign currency risk primarily with respect to Renminbi ("RMB") and United States dollar ("US$") as most of the transactions are denominated in Hong Kong dollar ("HK$"), RMB and US$. The Group is exposed to foreign exchange risk primarily through sales, purchases, capital expenditure and expenses transactions that are denominated in currencies other than the functional currencies of the group companies. During the year, the Group generated a foreign exchange loss of approximately HK$0.6 million (2016: HK$2.2 million). The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level. During the year, the Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant. The Group will continue to manage the net exposure of foreign exchange risk to keep at an acceptable level from time to time.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2017 and 2016.

Employees and Emolument Policy

As at 31 March 2017, the Group had a total of 29 employees. Employee benefit expenses and share option expenses, including Directors' remuneration for the year ended 31 March 2017, amounted to approximately HK$8.8 million (2016: HK$9.9 million) and HK$14.3 million (2016: nil) respectively. The Group's remuneration policy is based on position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Group has also adopted other employee benefit including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

Dividend

Interim dividend

Pursuant to the resolution passed at the meeting of the Board on 14 November 2016, the Board declared an interim dividend of HK$0.005 per ordinary share, totaling approximately HK$19.3 million for the six months ended 30 September 2016. The interim dividend was paid in December 2016.

Final dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2017.

Business Combination

(i) On 10 February 2017, Goldenmars Internet Media Limited ("Goldenmars Internet Media"), an indirectly wholly-owned subsidiary of the Company, completed the acquisition of a 100% equity interest in Qianhai Financial Limited, which was subsequently renamed as Huabang Financial from an independent third party pursuant to a sales and purchase agreement dated 28 July 2016 at a cash consideration of HK$24,000,000. Huabang Financial is a company incorporated in Hong Kong which directly holds the entire issued share capital of Huabang Corporate Finance. Huabang Corporate Finance, a financial services provider company incorporated in Hong Kong with limited liability, is a licensed corporation carrying on business in Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO"). Details of which please refer to the announcement of the Company dated 10 February 2017.

(ii) On 7 March 2017, Goldenmars Technology Investments Limited ("Goldenmars Technology Investments"), an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into the agreement with an independent third party, as the vendor, pursuant to which Goldenmars Technology Investments has conditionally agreed to acquire and the vendor has conditionally agreed to sell the entire issued share capital of a target company, at the consideration of HK$180,150,000, which shall be satisfied by cash of HK$30,000,000 and the Company to allot and issue of 231,000,000 consideration shares at the issue price of HK$0.65 per share to the vendor in accordance with the terms and conditions of the agreement. The target company is a company with limited liability incorporated in Hong Kong and is a licensed corporation under the SFO with the following regulated activities: (i) Type 1: Dealing in securities; and (ii) Type 4: Advising on securities. The principal activities are provision of brokerage services and securities margin financing to clients. The completion of this acquisition is subjected to the fulfilment of all the conditions precedent in accordance to the agreement. The transaction has not yet been completed as the date of this report. Details of which are set out in the announcement of the Company dated 7 March 2017.

USE OF PROCEEDS

On 9 September 2013 (the "Listing Date"), the Company completed the placing of 69,000,000 shares of par value of HK$0.01 each at an issue price of HK$0.90 per share. The net proceeds from the placing were approximately HK$36 million. The actual use of proceeds up to 31 March 2016 and the revised schedule of the plan for the use of proceeds had been disclosed in the annual report 2016 of the Company. As at 31 March 2017, net proceeds of HK$6.1 million had been applied.

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

	Intended use of proceeds for the year ended 31 March 2017 HK$'000	Actual use of proceeds for the year ended 31 March 2017 HK$'000
Increase market share	1,907	645
Strengthen R&D and design capability	2,720	655
Enhance quality control and improve production capability	1,070	221
General working capital	1,000	1,000
Total:	6,697	2,521

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. George LU, aged 54, our founder and Chairman of the Group. Mr. Lu has been the Chief Executive Officer ("CEO") of the Group since 2 June 2016. Mr. Lu is also a member of Nomination Committee of the Company. Mr. Lu is responsible for the overall management, operations and strategic development of the Group's business and has over fourteen years of experience in the computer and peripheral products industry. Mr. Lu is the spouse of Ms. Shen Wei, a Controlling Shareholder and an Executive Director (resigned on 26 January 2017) of the Company. Mr. Lu is also the elder brother of Ms. Lu Qinzhen, a senior management of our Group. Mr. Lu is also the CEO, an executive director and the chairman of the board of directors of Qianhai Health Holdings Limited (Stock Code: 911), a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and he is responsible for corporate strategic planning and overall business development.

Mr. LAU Wan Po, aged 41, was appointed as Vice-chairman of the Group on 26 January 2017. Mr. Lau was appointed as a Non-Executive Director of the Company on 26 January 2017 and re-designated to an Executive Director of the Company on 7 March 2017. Mr. Lau has over 16 years of experience in the investment banking industry focusing in the areas of initial public offering, merger and acquisition, corporate restructuring and other financial advisory services to listed companies in Hong Kong. Mr. Lau has been the director of Qian Hai Securities Limited since December 2015. He acted as the managing director of Haitong International Capital Limited and Hai Tong Capital (HK) Limited from January 2010 to November 2015. He was an executive director and head of investment banking division of CMB International Capital Holdings Corporation Limited from August 2008 to January 2010. He graduated from the City University of Hong Kong with a bachelor's degree in science and earned a master's degree in finance from Curtin University of Technology. He was an executive director and re-designated as a non-executive director on 18 November 2016 of New Sports Group Limited (Stock code: 299), a company listed on the Main Board of the Stock Exchange.

Mr. PANG Chung Fai Benny, aged 44, was re-designated from an independent Non-Executive Director to an Executive Director and was appointed as Vice-chairman of the Company with effect from 26 January 2017. He was an independent Non-Executive Director of the Company since June 2012. Between 2012 to January 2017, Mr. Pang was the managing partner of Loeb & Loeb LLP (formerly known as Pang & Co. in association with Loeb & Loeb LLP), a firm of solicitors in Hong Kong. Between 1997 and 2012, Mr. Pang practised as a lawyer with several international law firms in Hong Kong and Sydney. Mr. Pang received his bachelor's degree in laws (honors) from Bond University, Australia, in 1996. In 1997, Mr. Pang obtained his Graduate Diploma in Legal Practice and master's degree in laws from The College of Law, Sydney and the University of New South Wales, Australia, respectively. He has been admitted as a legal practitioner of the Supreme Court of New South Wales, Australia since 1997 and as a solicitor of the High Court of Hong Kong since 2009. He is a member of both the Law Society of New South Wales, Australia and the Law Society of Hong Kong. Mr. Pang has been appointed as an independent non-executive director of Yuanda China Holdings Limited (Stock Code: 2789), a company listed on the Main Board of the Stock Exchange, since 2011. Mr. Pang has also been appointed as an independent non-executive director of China Regenerative Medicine International Limited (the Growth Enterprise Market of the Stock Exchange ("GEM") Stock Code: 8158), a company listed on GEM, since 2012.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. LAU Wing Sze, aged 40, was appointed as an Executive Director and the CEO of the Group in June 2012 and resigned as the CEO with effect from 2 June 2016 but remains an Executive Director of our Company. She is responsible for procurement and inventory control. Ms. Lau is a member of the Corporate Governance Committee of the Company. Ms. Lau joined Goldenmars Technology (Hong Kong) Limited, a wholly owned subsidiary of the Group in July 2005. Ms. Lau has more than nine years of experience in management of computer and peripheral products business. Ms. Lau graduated with a Higher Diploma in Business Studies from the City University of Hong Kong in 1998. Ms. Lau also obtained a Master of Business Administration which is a long distance course from the University of Bradford.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LOO Hong Shing Vincent, aged 51, was appointed as an independent Non-Executive Director in June 2012. Mr. Loo is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. Loo has over 29 years of experience in the accounting, auditing, corporate finance and business advisory areas. Prior to joining the Group, Mr. Loo has over 17 years of auditing experience with Messrs. PricewaterhouseCoopers in Hong Kong. Mr. Loo is currently the vice president, chief financial officer and company secretary of Cosmo Lady (China) Holdings Company Limited (stock code: 2298) since December 2016, a company listed on the Main Board of the Stock Exchange. Before joining Cosmo Lady (China) Holdings Company Limited, Mr. Loo was an executive director, chief financial officer and company secretary of Hengan International Group Company Limited (Stock Code: 1044), a company listed on the Main Board of the Stock Exchange. Mr. Loo graduated from the Hong Kong Polytechnic University with a Professional Diploma in Accountancy in 1988 and has been a member of the Hong Kong Institute of Certified Public Accountants since 1992 and a fellow member of the Association of Chartered Certified Accountants since 1996.

Mr. SHIN Yick Fabian, aged 48, was appointed as an independent Non-Executive Director of the Company on 30 September 2016. Mr. Shin is the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Shin has over 25 years of experience in investment banking and financial management. Mr. Shin is currently the chief executive officer of Zhaobangji International Capital Limited. Prior to joining Zhaobangji International Capital Limited, he worked in several investment banks in Hong Kong. Mr. Shin is currently the independent non-executive director of Newton Resources Ltd. (Stock code: 1231), China Shun Ke Long Holdings Ltd. (Stock code: 974) and Lisi Group (Holdings) Limited (Stock code: 526), all companies are listed on the Main Board of the Stock Exchange. Mr. Shin is also currently a non-executive director of Pak Tak International Limited (Stock code: 2668), a company listed on the Main Board of the Stock Exchange. Mr. Shin was a non-executive director of Qianhai Health Holdings Limited (Stock code: 911), a company listed on the Main Board of the Stock Exchange, between January and February 2016. He was an independent non-executive director of Little Sheep Limited (Stock code: 968), a company listed in Hong Kong till 2012 and also C & O Pharmaceutical Technology (Holdings) Limited (Stock code: E92.SI), a company listed in Singapore till 2011. Mr. Shin graduated from the University of Birmingham in England with a bachelor's degree in commerce. After graduation, he worked in the audit department of Deloitte Touche Tohmatsu. He had also worked in a listed company in Hong Kong as group financial controller and company secretary. He is a fellow member of Hong Kong Institute of Certified Public Accountants, Association of Chartered Certified Accountants, Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. MU Binrui, aged 60, was appointed as an independent Non-Executive Director of the Company on 26 January 2017. Mr. Mu was the Deputy Chief Credit Officer of Bank of Communications Company Limited between 2013 and 2016. Mr. Mu served as the General Manager of Credit Management Department of Bank of Communications Company Limited since October 2004. Mr. Mu was conferred a Qualification Certificate of Specialty and Technology as Senior Economist by the Bank of Communications in December 1997. Mr. Mu holds a Bachelor's Degree in Finance in Renmin University of China. Mr. Mu was awarded State Council Special Allowance Experts by the People's Republic of China in February 2013.

Mr. LAM Allan Loc, aged 55, was appointed as an independent Non-Executive Director of the Company on 26 January 2017. Mr. Lam was previously the country president of Chubb Life Insurance Company Limited, a subsidiary of a New York Stock Exchange Listed Company in the USA. Prior to that, Mr. Lam served as the China Country Manager and Senior Vice President for Business Development (SEA) of BNP Paribas Cardif S.A, an insurance company based in Shanghai from November 2011 to January 2014. Mr. Lam worked as the chief marketing officer and regional EB Business Development Director for American International Assurance (AIA) Group based in Hong Kong (SEHK stock code: 1299) from June 2006 to November 2011 and was the chief executive officer and a director of AXA-Minmetals Life Assurance Company Limited based in Shanghai from January 2003 to April 2006. Mr. Lam was the director of the Business Development of Prudential Corporation Asia (PCA) based in Hong Kong from October 2000 to January 2003. In addition, Mr. Lam was a director of Grandcyber Corporation Limited, which was a member of Pearl Oriental Cyberforce Limited (previously known as Pearl Oriental Holdings Limited) (stock code: 988) from April 2000 to October 2000 and he is the assistant vice-president & operations director of AIA Pension and Trustee based in Hong Kong from May 1996 to January 2000. Mr. Lam also has been a project manager of Cathay Pacific Airways Limited (SEHK stock code: 0293) and a senior avionics technologist of Boeing Commercial Aircraft from May 1986 to February 1992. Mr. Lam has over 20 years of working experience in corporate management and business development. Mr. Lam was awarded a Master of Business Administration degree from the University of Ottawa in 1996 and a diploma in electronics engineering technology from the Humber College of Applied Arts and Technology in 1986 in Toronto, Ontario, Canada.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. WONG Kwok Ming, aged 40, was appointed as the Chief Financial Officer of the Group on 14 March 2016 and the Company Secretary of the Company on 1 April 2016. Mr. Wong is the chairman of the Corporate Governance Committee of the Company. Mr. Wong is responsible for overall financial management and risk management of the Group as well as the overall company secretarial matters of the Company. Mr. Wong has over 18 years of experience in the areas of auditing, accounting, taxation, capital markets, business advisory and corporate finance covering various industry sectors. Mr. Wong has worked at PricewaterhouseCoopers Hong Kong for over 10 years in audit and assurance department with his last position as senior manager and he worked at a well-established and sizable manufacturing company as the chief financial officer after he left PricewaterhouseCoopers. Mr. Wong possesses a Master Degree in Accounting from Curtin University of Technology. Mr. Wong is a Practicing Certified Public Accountant in Hong Kong. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of The Society Chinese Accountants & Auditors. Mr. Wong is also an executive director of Qianhai Health Holdings Limited (Stock Code: 911), a company listed on the Main Board of the Stock Exchange and he is responsible for corporate finance of that company.

Ms. LU Qinzhen, aged 47, is the finance manager and the vice-chairman of the board of directors of Bodatong Technology (Shenzhen) Company Limited ("Bodatong"), a wholly owned subsidiary of the Group. Ms. Lu joined Bodatong in May 2007. Ms. Lu is responsible for accounting and financial management of Bodatong. Ms. Lu graduated from Suzhou Zhonghua Correspondence School of Accounting (蘇州市中華會計函授學校) in 2003, majoring in accounting (long distances course). Ms. Lu is also a member of the Corporate Governance Committee. Ms. Lu is the younger sister of Mr. George Lu and sister-in-law of Ms. Shen Wei, spouse of Mr. George Lu and the controlling shareholder of the Company.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Company and the Group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

PRINCIPAL SUBSIDIARIES AND INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

Details of the principal subsidiaries and investment accounted for using equity method as at 31 March 2017 are set out in Notes 8 and 9 to the consolidated financial statements respectively.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future development are provided in the Chairman's Statement and the Management Discussion and Analysis on pages 5 to 6 and pages 7 to 14 respectively of this annual report. In addition, a summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 53 and 54 of this annual report.

Interim dividend

Pursuant to the resolution passed at the meeting of the Board on 14 November 2016, the Board declared an interim dividend of HK$0.005 per ordinary share, totaling approximately HK$19.3 million for the six months ended 30 September 2016 (for the six months ended 30 September 2016: Nil). The interim dividend was paid in December 2016.

Final dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: same).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in Note 7 to the consolidated financial statements.

DONATIONS

No charitable donation was made by the Group during the year (2016: HK$1 million).

BORROWINGS

Details of the Group's borrowings as at 31 March 2017 are set out in Note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 14 to the consolidated financial statements.

Details of the shares issued in the year ended 31 March 2017 are set out in Note 14 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of the movements in the reserves of the Company and the Group during year are set out in Notes 33(a) to the consolidated financial statements and the consolidated statement of changes in equity on pages 55 and 56, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2017, the Company's reserves available for distribution to equity holders, comprising the share premium, contributed surplus, employee share-based compensation reserve and retained earnings, amounted to approximately HK$354.0 million.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of HK$243.7 million may be applied for paying distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the largest one and five largest customers accounted for approximately 77.0% and approximately 95.0% respectively of the total sales for the year. Purchases from the largest one and five largest suppliers accounted for approximately 59.4% and 95.7% respectively of the total purchases for the year.

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

REPORT OF THE DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

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

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintain high environmental and social standards to ensure sustainable development of its business. The Group has complied with the relevant laws and regulations in relation to its business including safety workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. The Group has encouraged employees and other stakeholders to participate in environmental and social activities which benefit the community as a whole. The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

Our commitment to protect the environment is also well reflected by our continuous efforts in promoting green awareness in our daily business operations. The Group encourages environmental protection and promote awareness towards environmental protection to the employees. The Group encourages the principle of recycling and reducing. The Group has put efforts to implement green office practices such as double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance in the daily business operations.

REPORT OF THE DIRECTORS

BOARD OF DIRECTORS

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

Executive Directors
Mr. George Lu *(Chief Executive Officer (appointed on 2 June 2016) and Chairman)*
Mr. Lau Wan Po *(Vice-chairman) (re-designated on 7 March 2017)*
Mr. Pang Chung Fai Benny *(Vice-chairman) (re-designated on 26 January 2017)*
Ms. Lau Wing Sze *(resigned as Chief Executive Officer and remained as an Executive Director on 2 June 2016)*
Ms. Shen Wei *(resigned on 26 January 2017)*

Non-Executive Director
Mr. Lau Wan Po *(appointed on 26 January 2017 and re-designated as Executive Director on 7 March 2017)*

Independent Non-Executive Directors
Mr. Loo Hong Shing Vincent
Mr. Shin Yick Fabian *(appointed on 30 September 2016)*
Mr. Mu Binrui *(appointed on 26 January 2017)*
Mr. Lam Allan Loc *(appointed on 26 January 2017)*
Mr. Pang Chung Fai Benny *(re-designated as Executive Director on 26 January 2017)*
Mr. Yeung Wai Fai Andrew *(appointed on 2 June 2016 and resigned on 30 September 2016)*
Mr. Wan Tak Shing *(resigned on 2 June 2016)*

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

In accordance with Articles 16.2 of the Articles of Association, Mr. Lau Wan Po, Mr. Shin Yick Fabian, Mr. Mu Binrui, Mr. Lam Allan Loc will hold office until the forthcoming AGM and will be eligible for the re-election at that meeting.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of the Directors and senior management of the Group are set out on pages 15 to 18 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments are set out in Notes 34 and 23 to the consolidated financial statements respectively.

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

As at 31 March 2017, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital (Note 4)
Mr. George Lu	Interest of controlled corporation (Note 1)	2,155,680,000	55.90
	Beneficial owner (Note 1)	85,000,000	2.20
Ms. Shen Wei	Interest of controlled corporation (Note 1)	2,155,680,000	55.90
	Interest of spouse (Note 1)	85,000,000	2.20
Mr. Lau Wan Po	Beneficial owner (Note 3)	100,000,000	2.59
Ms. Lau Wing Sze	Interest of controlled corporation (Note 2)	4,320,000	0.11
	Beneficial owner (Note 2)	61,536,000	1.60
Mr. Loo Hong Shing Vincent	Beneficial owner (Note 3)	1,500,000	0.04
Mr. Pang Chung Fai Benny	Beneficial owner (Note 3)	1,500,000	0.04
Mr. Shin Yick Fabian	Beneficial owner (Note 3)	1,500,000	0.04

(1) Each of Mr. George Lu and Ms. Shen Wei, husband and wife, holds 50% interest in Forever Star Capital Limited ("Forever Star"), a company incorporated in the British Virgin Islands, respectively. Therefore, both of them are deemed to be interested in all the shares which are beneficially owned by Forever Star. The 85,000,000 underlying shares of the Company related to share options granted by the Company to Mr. George Lu.

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

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

(4) The percentage holding is calculated based on the issued share capital of the Company as at 31 March 2017 comprising 3,856,560,000 shares.

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

As at 31 March 2017, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following interest of which would fall to be disclosed under Division 2 and 3 of part XV of the SFO, or the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the shares and the underlying shares as recorded in the register kept under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Forever Star Capital Limited	Beneficial owner (Note 1)	2,155,680,000	55.90
Mr. George Lu	Beneficial owner (Note 2)	85,000,000	2.20
Ms. Shen Wei	Interest of spouse (Note 2)	85,000,000	2.20
Mr. Yao Jianhui	Interest of controlled corporation (Note 3)	484,392,000	12.56

Note 1: Forever Star Capital Limited has beneficial interests in a total of 2,155,680,000 shares. Each of Mr. George Lu and Ms. Shen Wei holds 50% interest in Forever Star Capital Limited respectively. These shares have been pledged to Guotai Junan Finance (Hong Kong) Limited. According to the information available to the Company, Guotai Junan Finance (Hong Kong) Limited is wholly owned by Guotai Junan (Hong Kong) Limited. Guotai Junan (Hong Kong) Limited is wholly owned by Guotai Junan International Holdings Limited. Guotai Junan International Holdings Limited is 65.17% owned by Guotai Junan Holdings Limited. Guotai Junan Holdings Limited is wholly owned by Guotai Junan Financial Holdings Limited. Guotai Junan Financial Holdings Limited is wholly owned by Guotai Junan Securities Co., Ltd. Guotai Junan Securities Co., Ltd. is 36.22% owned by Shanghai International Group Co., Ltd.

Note 2: These 85,000,000 underlying shares of the Company related to share options granted by the Company to Mr. George Lu. Ms. Shen Wei is the spouse of Mr. George Lu.

Note 3: According to the information available to the Company, Mr. Yao Jianhui is deemed to be beneficially interested in a total of 484,392,000 shares. Among those 484,392,000 shares, 180,000,000 shares are held by China Goldjoy Limited, which is a company wholly owned by Stellar Result Limited. Stellar Result Limited which in turn owned as to 80% by Goldjoy Holding Limited. Goldjoy Holding Limited is wholly-owned by Hong Kong Bao Xin Asset Management Limited. Hong Kong Bao Xin Asset Management Limited is the beneficial owner of a total of 304,392,000 shares, which is a company wholly owned by Bao Xin International Asset Management Limited. Bao Xin International Asset Management Limited which in turn wholly owned by Great Sphere Developments Limited. Great Sphere Developments Limited which in turn wholly owned by China Goldjoy Group Limited. China Goldjoy Group Limited is a beneficially owned as to 48.63% by Tinmark Development Limited, which is wholly owned by Mr. Yao Jianhui. According to the information available to the Company, China Goldjoy Securities Limited is a custodian of total 355,896,000 shares.

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

SHARE OPTION SCHEME

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

On 21 December 2016, the Group announced the granting of a total of 288,000,000 share options to selected employees and directors under the Share Option Scheme. The exercise price of the granted options is HK$0.55 per share. No share options were exercised or forfeited during the year ended 31 March 2017. Details accounting policies adopted for the share options are described in Note 2 and Note 15 to the consolidated financial statements.

As at 31 March 2017, options to subscribe for an aggregate of 288,000,000 shares granted to the Directors and employees pursuant to the Scheme remained outstanding, details of which are as follows:

Type of participants	Date of grant	Exercisable period	Exercise price	Outstanding as at 1 April 2016	Granted during the year	Exercise during the year	Lapsed during the year	Outstanding as at 31 March 2017
Directors								
Mr. George Lu	24 February 2017	24 February 2017 to 20 December 2019	HK$0.55	–	28,333,333	–	–	28,333,333
		21 December 2017 to 20 December 2019	HK$0.55	–	28,333,333	–	–	28,333,333
		21 December 2018 to 20 December 2019	HK$0.55	–	28,333,334	–	–	28,333,334
Mr. Lau Wan Po	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	–	33,333,333	–	–	33,333,333
		21 December 2017 to 20 December 2019	HK$0.55	–	33,333,333	–	–	33,333,333
		21 December 2018 to 20 December 2019	HK$0.55	–	33,333,334	–	–	33,333,334
Ms. Lau Wing Sze	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	–	14,200,000	–	–	14,200,000
		21 December 2017 to 20 December 2019	HK$0.55	–	14,200,000	–	–	14,200,000
		21 December 2018 to 20 December 2019	HK$0.55	–	14,200,000	–	–	14,200,000
Mr. Pang Chung Fai Benny	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	–	500,000	–	–	500,000
		21 December 2017 to 20 December 2019	HK$0.55	–	500,000	–	–	500,000
		21 December 2018 to 20 December 2019	HK$0.55	–	500,000	–	–	500,000
Mr. Loo Hong Shing Vincent	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	–	500,000	–	–	500,000
		21 December 2017 to 20 December 2019	HK$0.55	–	500,000	–	–	500,000
		21 December 2018 to 20 December 2019	HK$0.55	–	500,000	–	–	500,000
Mr. Shin Yick Fabian	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	–	500,000	–	–	500,000
		21 December 2017 to 20 December 2019	HK$0.55	–	500,000	–	–	500,000
		21 December 2018 to 20 December 2019	HK$0.55	–	500,000	–	–	500,000
Employees	21 December 2016	21 December 2016 to 20 December 2019	HK$0.55	–	18,633,333	–	–	18,633,333
		21 December 2017 to 20 December 2019	HK$0.55	–	18,633,333	–	–	18,633,333
		21 December 2018 to 20 December 2019	HK$0.55	–	18,633,334	–	–	18,633,334
				–	288,000,000	–	–	288,000,000

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

	2017 Average exercise price in HK$ per share option	**2017** Number of share options (thousands)	2016 Average exercise price in HK$ per share option	2016 Number of share options (thousands)
1 April 2016	**–**	**–**	–	–
Granted during the year	**0.55**	**288,000**	–	–
31 March 2017		**288,000**		–

Share options outstanding as at 31 March 2017 have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK$ per share option	Number of share options (thousands) 2017	2016
20 December 2019	**0.55**	**288,000**	N/A

As at 31 March 2017, 96,000,000 share options were vested. Share-based payments of HK$115,000 (2016: nil) and HK$14,145,000 (2016: nil) were included in selling expenses and general and administrative expenses in the consolidated income statement respectively.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 March 2017.

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2017, none of the Directors, controlling shareholders of the Company or any of their respective associates (as defined under the Listing Rules) is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests, which is required to be disclosed under the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2017.

DEED OF NON-COMPETITION

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

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

The Company confirms that each of the Controlling Shareholders have complied with the Deed of Non-Competition throughout the year ended 31 March 2017. In order to ensure the Controlling Shareholders have complied with the Deed of Non-Competition, each of the Controlling Shareholders have provided to the Company a written confirmation that (i) in respect of his/its compliance with the Deed of Non-Competition for the year ended 31 March 2017 and no personal interests were ever declared by any Controlling Shareholders who are also Directors at the Directors' meetings; and (ii) stating that they and their respective associates did not directly or indirectly, carry on or hold any right or interests in or render any services to, or is otherwise involved in, any business which may be in competition with the business carried on by the Group from time to time.

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

EMOLUMENT POLICY

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

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings according to the Model Code as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 March 2017.

SUFFICIENCY OF PUBLIC FLOAT

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

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

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

REPORT OF THE DIRECTORS

EVENT AFTER REPORTING PERIOD

There was no significant event after reporting date being identified as at 31 March 2017.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 30 to 39 of this annual report.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 March 2017 and as at 31 March 2017, the Company has purchased liabilities insurance for the Directors and officers, which provides appropriate insurance cover for the Group's directors and officers. A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2017.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2017 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2017 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

AUDITOR

The consolidated financial statements for the year ended 31 March 2017 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution to re-appoint PricewaterhouseCoopers and to authorise the Directors to fix its remuneration will be proposed at the forthcoming AGM.

On behalf of the Board

George Lu
Chairman

Hong Kong, 14 June 2017

CORPORATE GOVERNANCE REPORT

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

The Company has adopted the requirements under the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company had complied with the code provisions set out in the CG Code for the year ended 31 March 2017, to the extent applicable and permissible.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings according to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors, all the Directors confirmed that they had complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by Directors during the year ended 31 March 2017.

BOARD OF DIRECTORS

The Board currently comprises eight Directors, with four Executive Directors and four independent Non-Executive Directors. The Directors who were in office during the year and up to the date of this report are as follows:

Executive Directors

Mr. George Lu *(Chief Executive Officer (appointed on 2 June 2016) and Chairman)*
Mr. Lau Wan Po *(Vice-chairman) (re-designated on 7 March 2017)*
Mr. Pang Chung Fai Benny *(Vice-chairman) (re-designated on 26 January 2017)*
Ms. Lau Wing Sze *(resigned as Chief Executive Officer on 2 June 2016 and remained as an Executive Director)*
Ms. Shen Wei *(resigned on 26 January 2017)*

Non-Executive Director

Mr. Lau Wan Po *(Vice-chairman) (appointed on 26 January 2017 and re-designated as Executive Director on 7 March 2017)*

Independent Non-Executive Directors
Mr. Loo Hong Shing Vincent
Mr. Shin Yick Fabian *(appointed on 30 September 2016)*
Mr. Mu Binrui *(appointed on 26 January 2017)*
Mr. Lam Allan Loc *(appointed on 26 January 2017)*
Mr. Pang Chung Fai Benny *(re-designated as Executive Director on 26 January 2017)*
Mr. Yeung Wai Fai Andrew *(appointed on 2 June 2016 and resigned on 30 September 2016)*
Mr. Wan Tak Shing *(resigned on 2 June 2016)*

The biographical details of the Directors and relationship between them (if any) are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 15 to 18 of this annual report.

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

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

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

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

ATTENDANCE OF DIRECTORS AT MEETINGS

The Board held sixteen Board meetings and three general meetings (including one annual general meeting and two extraordinary general meeting) for the year ended 31 March 2017.

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

	Number of meetings attended/eligible to attend					
	General meetings	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Corporate Governance Committee meetings
Mr. George Lu	3/3	16/16	N/A	N/A	5/5	N/A
Ms. Shen Wei (resigned on 26 January 2017)	2/2	13/14	N/A	N/A	N/A	N/A
Mr. Lau Wan Po (appointed on 26 January 2017)	1/1	2/2	N/A	N/A	N/A	N/A
Mr. Pang Chung Fai Benny	3/3	16/16	2/2	5/5	3/3	N/A
Ms. Lau Wing Sze	3/3	16/16	N/A	N/A	N/A	2/2
Mr. Loo Hong Shing Vincent	2/3	16/16	3/3	6/6	5/5	N/A
Mr. Shin Yick Fabian (appointed on 30 September 2016)	1/1	10/10	2/2	4/4	N/A	N/A
Mr. Mu Binrui (appointed on 26 January 2017)	0/1	1/2	N/A	N/A	N/A	N/A
Mr. Lam Allan Loc (appointed on 26 January 2017)	1/1	2/2	1/1	1/1	2/2	N/A
Mr. Wan Tak Shing (resigned on 2 June 2016)	1/1	3/3	N/A	1/1	N/A	N/A
Mr. Yeung Wai Fai Andrew (appointed on 2 June 2016 and resigned on 30 September 2016)	0/1	3/3	1/1	1/1	N/A	N/A

Code provision A.6.7 of the CG Code requires that independent Non-Executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. Due to other important business engagement, Mr. Yeung Wai Fai Andrew was unable to attend the annual general meeting held on 15 August 2016, Mr. Loo Hong Shing Vincent was unable to attend the extraordinary general meetings held on 5 May 2016 and Mr. Mu Binrui was unable to attend the extraordinary general meeting held on 24 February 2017.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

The Directors received the following training for the year ended 31 March 2017 according to the records provided by the Directors:

Directors	**Training on corporate governance, regulatory development and other relevant topics**
Executive Directors	
Mr. George Lu *(Chief Executive Officer (appointed on 2 June 2016) and Chairman)*	✓
Mr. Lau Wan Po *(Vice-chairman) (re-designated on 7 March 2017)*	✓
Mr. Pang Chung Fai Benny *(Vice-chairman) (re-designated on 26 January 2017)*	✓
Ms. Lau Wing Sze *(resigned as Chief Executive Officer on 2 June 2016)*	✓
Ms. Shen Wei *(resigned on 26 January 2017)*	✓
Non-Executive Director	
Mr. Lau Wan Po *(Vice-chairman) (appointed on 26 January 2017 and re-designated as Executive Director on 7 March 2017)*	✓
Independent Non-Executive Directors	
Mr. Loo Hong Shing Vincent	✓
Mr. Shin Yick Fabian *(appointed on 30 September 2016)*	✓
Mr. Mu Binrui *(appointed on 26 January 2017)*	✓
Mr. Lam Allan Loc *(appointed on 26 January 2017)*	✓
Mr. Pang Chung Fai Benny *(re-designated as Executive Director on 26 January 2017)*	✓
Mr. Yeung Wai Fai Andrew *(appointed on 2 June 2016 and resigned on 30 September 2016)*	✓
Mr. Wan Tak Shing *(resigned on 2 June 2016)*	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

From 1 April 2016 to 2 June 2016, Mr. George Lu was the Chairman of the Company and Ms. Lau Sze Wing was the CEO of the Company. On 2 June 2016, Ms. Lau Sze Wing resigned as the CEO of the Company and Mr. George Lu appointed as the CEO of the Company. As results, Mr. George Lu becomes the Chairman and also the CEO of the Company since 2 June 2016.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

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

REMUNERATION COMMITTEE

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

The Remuneration Committee currently comprised three independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent as the chairman of the Remuneration Committee, Mr. Shin Yick Fabian (appointed on 30 September 2016) and Mr. Lam Allan Loc (appointed on 26 January 2017). Mr. Pang Chung Fai Benny (re-designated as Executive Director and ceased to be a member of Remuneration Committee on 26 January 2017), Mr. Wan Tak Shing (resigned on 2 June 2016) and Mr. Yeung Wai Fai Andrew (appointed on 2 June 2016 and resigned on 30 September 2016), were also the members of the Remuneration Committee during the Current Year.

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

NOMINATION COMMITTEE

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

The Nomination Committee currently comprised two independent Non-Executive Directors, namely Mr. Lam Allan Loc as the Chairman of the Nomination Committee (appointed on 26 January 2017), Mr. Loo Hong Shing Vincent, and an Executive Director and the Chairman of the Board, namely Mr. George Lu. Mr. Pang Chung Fai Benny as the Chairman of the Nomination Committee (re-designated as Executive Director and ceased to be a member of Nomination Committee on 26 January 2017) was also a member of the Nomination Committee during the Current Year.

Major responsibilities of the Nomination Committee are to formulate and implement the policy for nominating candidates for election by shareholders at the general meeting (either to fill a casual vacancy or as an addition to the Board), assess the independence of Non-Executive Directors and propose re-election of retiring Directors.

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

BOARD DIVERSITY POLICY

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

AUDIT COMMITTEE

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

The Audit Committee currently comprised three independent Non-Executive Directors, namely Mr. Shin Yick Fabian as the Chairman of Audit Committee (appointed on 30 September 2016), Mr. Loo Hong Shing Vincent and Mr. Lam Allan Loc (appointed on 26 January 2017). Mr. Wan Tak Shing as the Chairman of the Audit Committee (resigned on 2 June 2016), Mr. Yeung Wai Fai Andrew as the Chairman of the Audit Committee (appointed on 2 June 2016 and resigned on 30 September 2016) and Mr. Pang Chung Fai Benny (re-designated as Executive Director and ceased to be a member of Audit Committee on 26 January 2017), were also the member of the Audit Committee during the Current Year. The Audit Committee held three meetings during the Current Year to review interim results, annual results, risk management and internal control system of the Group. All of the meetings were attended with the Company's independent auditor so that the members of the Audit Committee could exchange their views and concerns on the financial reporting process of the Group with the auditor. All members of the Audit Committee attended all meetings held.

CORPORATE GOVERNANCE COMMITTEE

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

Its primary functions include: (i) to develop and review the Company's policies and practices on corporate governance and make recommendations to our Board; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees of the Group; (v) to review the Company's compliance with the CG Code as set out in Appendix 14 to the Listing Rules and disclosure in the Corporate Governance Report as required under Appendix 14 to the Listing Rules; and (vi) to consider other matters, as authorised by the Board.

The Corporate Governance Committee currently comprised Executive Directors and senior management of the Company, namely, Mr. Wong Kwok Ming as the Chairman of the Corporate Governance Committee, Ms. Lau Wing Sze and Ms. Lu Qinzhen. The Corporate Governance Committee held two meetings during the Current Year and each committee member had full attendance for all the meetings.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

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

COMPANY SECRETARY

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

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group and of its profit and cash flows for the year ended 31 March 2017. The Directors have prepared the financial statements of the Group on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the Listing Rules and pursuant to the relevant statutory requirements.

The statement issued by the auditor of the Company, PricewaterhouseCoopers, regarding their reporting responsibilities is set out in the section headed "Independent Auditor's Report" on pages 46 to 50 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

The Board has conducted review of the effectiveness of the risk management and internal control system and is of the view that the risk management and internal control system adopted during the year ended 31 March 2017 is sound and is effective to safeguard the interests of the shareholders' investment and the Group's assets.

AUDITOR'S REMUNERATION

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

For the year ended 31 March 2017, the fee for audit service and non-audit services provided to the Group amounted to approximately HK$1.3 million and HK$nil respectively (2016: HK$1.1 million and HK$1.1 million, respectively).

CONSTITUTIONAL DOCUMENTS

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

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

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

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

Procedures for shareholders sending enquiries to the Board

1. *Enquiries about shareholdings*
   Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, via its online holding enquiry service at www.tricoris.com, or send email to is-enquiries@hk.tricorglobal.com or go in person to its public counter at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. *Enquiries about corporate governance or other matters to be put to the Board and the Company*
   The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the Board or Company Secretary, by mail to 29th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong. Shareholders may call the Company at (852) 2314 0822 for any assistance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

SCOPE AND PERIOD OF REPORTING

The ESG report mainly covers the businesses of the Group and presents the Group's strategic approach to sustainability and performance in the environmental and social aspects of its businesses in the reporting period from 1 April 2016 to 31 March 2017. The Group will continue to strengthen its efforts to collect information in order to enhance its performance in the environmental and social subject areas and to disclose related information in its sustainable development.

STAKEHOLDERS' ENGAGEMENT

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

ENVIRONMENTAL SUSTAINABILITY

The Group strives to save energy and resource through persistent implementation of internal policies and use of advanced technologies.

NATURAL RESOURCES

The Group is committed to building an environmental-friendly corporation that pays close attention to conserving the earth's natural resources. main natural resource consumed by the Group is paper from the documentation printing. To minimise the use of paper, the Group has put great efforts to protect the natural resources, which include: disseminating information by electronic means, such as email, as much as possible; and re-using the single-sided paper and recycling the doubled-sided used paper.

EMISSIONS

The Group is principally engaged in (i) computer and peripheral products business; (ii) money lending business; and (iii) provision of corporate finance advisory services. These businesses do not constitute any significant impact to the environment and does not generate any material level of greenhouse gas and hazardous waste. Our management closely monitors and aims to minimise the environmental effect to its surroundings. There is no non-compliance cases noted in relation to air and greenhouse gas emissions, discharge into water and land and generation of hazardous and non-hazardous waste for the year ended 31 March 2017.

USE OF RESOURCES

The Group has established "Reduce, Reuse and Recycle" environmental strategies focusing on the water and electricity usage throughout our operational processes. The Group has always been devoted to reduce energy consumption. Aside from utilising energy-saving light bulbs and natural light, the Group also educates its employees to be more involved in executing our environmental guidelines in order to raise their awareness on energy conservation and environmental protection. In addition, the Group closely monitors energy consumption at its offices and warehouses and encourage its staff to make use of natural light. Permission is required for lighting and air-conditioning during non-business hours.

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

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

PRODUCT RESPONSIBILITY

The Group is principally engaged in (i) computer and peripheral products business; (ii) money lending business; and (iii) provision of corporate finance advisory services. Regarding to the computer and peripheral products business, the computer and peripheral products being sourced were all manufactured by the famous bands in the world. The Group has adequate and suitable facilities for proper storing products and ensure the products are kept in good conditions.

ANTI-CORRUPTION

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

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

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

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

EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT

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

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

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

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

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

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

No violation of relevant employment laws and regulations was noted for the year ended 31 March 2017.

HEALTH AND SAFETY

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

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

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

No violation of relevant employment health and safety laws and regulations laws and was noted for the year ended 31 March 2017.

STAFF DEVELOPMENT AND TRAINING

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

LABOUR STANDARDS

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

No violation of relevant laws and regulations in relation to the prevention of child labour and forced labour was noted for the year ended 31 March 2017.

HARMONIOUS WORKPLACE

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

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

COMMUNITY INVESTMENT

The Group emphasise the importance of social responsibility awareness to its staff and encourage them to participate in social activities and charitable activities. The Group will put as much effort as possible on being a socially responsible corporation in the coming future.

CORPORATE GOVERNANCE

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

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

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

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF HUABANG FINANCIAL HOLDINGS LIMITED

(Formerly known as Goldenmars Technology Holdings Limited)
(incorporated in Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Huabang Financial Holdings Limited (formerly known as Goldenmars Technology Holdings Limited) (the "Company") and its subsidiaries ("the Group") set out on pages 51 to 124 which comprise:

- the consolidated statement of financial position as at 31 March 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 2017, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We considered "Business combination" as a key audit matter that was 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
Business combination	
Refer to note 2.2.1(a) and note 31 to the consolidated financial statements. During the year, the Group acquired a 100% equity interest of Qianhai Financial Limited ("Qianhai Financial") at a consideration of HK$24,000,000. Qianhai Financial and its subsidiary ("the Qianhai Group") are principally engaged in provision of corporate finance advisory services in Hong Kong. Management, with the assistance of an independent valuation expert, determined the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. As a result, the Group recognised two intangible assets comprising goodwill and customer relationship contracts. We focused on this area because accounting for business combination requires valuation of and allocation of purchase price to assets and liabilities acquired, which involves a number of judgements and assumptions.	We assessed the capability, objectivity and competency of the independent valuation expert. We held discussions with management and the independent valuation expert to understand management's process in identifying the assets acquired and liabilities assumed, if any, as at the acquisition date. We assessed management's process in determining fair value of the intangible assets (other than goodwill) by assessing the reasonableness of the valuation methodology and the key inputs to the valuations by reference to market data. We tested the mathematical accuracy of the calculations of fair value. Based on the procedures performed, we considered that management's judgements and assumptions in determining the fair value of the identifiable assets and liabilities of the acquired business were supported by available evidence.

OTHER INFORMATION

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

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

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

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

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

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Po Wah, Pauline.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 June 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	As at 31 March 2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Intangible assets	6	**6,162**	–
Property, plant and equipment	7	**45,894**	49,059
Investment accounted for using equity method	9	**–**	17,055
Deposits and prepayments – non-current portion	12	**30,196**	196
Deferred tax assets	19	**2,413**	28
		84,665	66,338
Current assets			
Inventories	10	**494**	16,632
Loan receivables	11	**70,400**	–
Trade receivables	12	**88,477**	187,588
Deposits, prepayments and other receivables	12	**14,440**	729
Income tax recoverable		**3,364**	–
Cash and cash equivalents	13	**152,189**	205,655
		329,364	410,604
Total assets		**414,029**	476,942

The notes on pages 58 to 124 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	As at 31 March 2017 HK$'000	2016 HK$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	14	**3,214**	2,939
Other reserves	16	**315,428**	157,463
Retained earnings		**91,183**	105,077
Total equity		**409,825**	265,479
LIABILITIES			
Current liabilities			
Trade payables	17	**–**	42,881
Other payables and accrued expenses	17	**3,043**	4,160
Bank borrowings	18	**–**	162,498
Current income tax liabilities		**1,161**	1,924
		4,204	211,463
Total liabilities		**4,204**	211,463
Total equity and liabilities		**414,029**	476,942
Net current assets		**325,160**	199,141
Total assets less current liabilities		**409,825**	265,479

These consolidated financial statements on pages 51 to 124 were approved for issue by the Board of Directors on 14 June 2017 and were signed on its behalf

George Lu
Director

Lau Wing Sze
Director

The notes on pages 58 to 124 are integral parts of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2017

	Note	Year ended 31 March **2017** **HK$'000**	2016 HK$'000
Revenue	5	**836,542**	1,206,159
Cost of sales	21	**(802,321)**	(1,144,529)
Gross profit		**34,221**	61,630
Selling expenses	21	**(1,310)**	(1,873)
General and administrative expenses	21	**(30,457)**	(19,078)
Other losses	24	**(791)**	(1,129)
Operating profit		**1,663**	39,550
Gain on disposal of equity interest in an investment accounted for using equity method	9	**6,736**	–
Gain on deemed partial disposal of equity interest in an investment accounted for using equity method	9	**–**	1,382
Share of loss of an investment accounted for using equity method	9	**(842)**	(4,488)
Finance costs	25	**(1,245)**	(5,925)
Profit before income tax		**6,312**	30,519
Income tax expense	26	**(923)**	(7,071)
Profit for the year attributable to equity holders of the Company		**5,389**	23,448
Earnings per share attributable to equity holders of the Company			
Basic and diluted	28	**HK0.15 cent**	HK0.67 cent

The notes on pages 58 to 124 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Comprehensive income		
Profit for the year	**5,389**	23,448
Other comprehensive income		
Item that may be subsequently reclassified to profit or loss		
Currency translation differences	**(230)**	(31)
Total comprehensive income for the year attributable to equity holders of the Company	**5,159**	23,417

The notes on pages 58 to 124 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

		Attributable to equity holders of the Company									
			Other reserves								
	Note	Share capital	Share premium	Employee share-based compensation reserve	Merger reserve Note 16(a)	Capital reserve Note 16(b)	Statutory reserve Note 16(c)	Exchange reserve	Sub total	Retained earnings	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2017											
Balance at 1 April 2016		2,939	99,814	–	50,374	2,480	1,042	3,753	157,463	105,077	265,479
Comprehensive income											
Profit for the year		–	–	–	–	–	–	–	–	5,389	5,389
Other comprehensive income											
Currency translation differences		–	–	–	–	–	–	(230)	(230)	–	(230)
Total comprehensive income		–	–	–	–	–	–	(230)	(230)	5,389	5,159
Transaction with owners											
Interim dividend declared and paid	27	–	–	–	–	–	–	–	–	(19,283)	(19,283)
Issuance of shares by placing	14	275	151,525	–	–	–	–	–	151,525	–	151,800
Share issuance expenses		–	(7,590)	–	–	–	–	–	(7,590)	–	(7,590)
Employees share option scheme – value of employee services	15	–	–	14,260	–	–	–	–	14,260	–	14,260
Balance at 31 March 2017		**3,214**	**243,749**	**14,260**	**50,374**	**2,480**	**1,042**	**3,523**	**315,428**	**91,183**	**409,825**

The notes on pages 58 to 124 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

		Attributable to equity holders of the Company									
			Other reserves								
	Note	Share capital	Share premium	Employee share-based compensation reserve	Merger reserve Note 16(a)	Capital reserve Note 16(b)	Statutory reserve Note 16(c)	Exchange reserve	Sub total	Retained earnings	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2016											
Balance at 1 April 2015		2,640	65,333	–	50,374	2,480	1,042	3,784	123,013	81,629	207,282
Comprehensive income											
Profit for the year		–	–	–	–	–	–	–	–	23,448	23,448
Other comprehensive income											
Currency translation differences		–	–	–	–	–	–	(31)	(31)	–	(31)
Total comprehensive income		–	–	–	–	–	–	(31)	(31)	23,448	23,417
Transaction with owners											
Issuance of shares by placing	14	299	35,557	–	–	–	–	–	35,557	–	35,856
Share issuance expenses		–	(1,076)	–	–	–	–	–	(1,076)	–	(1,076)
Balance at 31 March 2016		2,939	99,814	–	50,374	2,480	1,042	3,753	157,463	105,077	265,479

The notes on pages 58 to 124 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Note	Year ended 31 March 2017 HK$'000	 2016 HK$'000
Cash flows from operating activities			
Cash generated from operations	29(a)	**15,686**	22,844
Income tax paid		**(7,435)**	(6,618)
Net cash generated from operating activities		**8,251**	16,226
Cash flows from investing activities			
Interest received		**12**	551
Purchase of property, plant and equipment	7	**(216)**	(1,247)
Purchase of intangible asset	6	**(1,703)**	–
Proceeds from disposal of property, plant and equipment	29(b)	**792**	–
Decrease in pledged deposits at bank		**–**	15,790
Prepayment for acquisition of a subsidiary	12	**(30,000)**	–
Partial proceeds received from disposal of an investment accounted for using equity method	29(c)	**1,359**	–
Acquisition of a business, net of cash acquired	31	**7,104**	–
Net cash (used in)/generated from investing activities		**(22,652)**	15,094
Cash flows from financing activities			
Interest paid		**(1,245)**	(5,925)
Drawdown of bank borrowings		**122,124**	862,719
Repayment of bank borrowings		**(284,622)**	(931,352)
Proceeds from issuance of ordinary shares		**151,800**	35,856
Payment of listing and share issuance expenses		**(7,590)**	(1,076)
Interim dividend paid		**(19,283)**	–
Net cash used in financing activities		**(38,816)**	(39,778)
Net decrease in cash and cash equivalents		**(53,217)**	(8,458)
Cash and cash equivalents at beginning of year		**205,655**	215,363
Effect of change in exchange rate		**(249)**	(1,250)
Cash and cash equivalents at end of year	13	**152,189**	205,655

The notes on pages 58 to 124 are integral parts of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 February 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business is 29th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The Company is an investment holding company. Prior to July 2016, the Company and its subsidiaries are principally engaged in computer and peripheral products business. In July 2016, the Group acquired a money lending license in Hong Kong through acquisition of a Hong Kong incorporated company (Note 6). In addition, on 10 February 2017, the Group completed the acquisition of Qianhai Financial Limited and subsequently renamed it to Huabang Financial Limited ("Huabang Financial"). Huabang Financial is a company incorporated in Hong Kong and together with its subsidiary, are principally engaged in provision of corporate finance advisory services (Note 31). Upon completion of these acquisitions, the Group is principally engaged in (i) computer and peripheral products business, (ii) money lending business, and (iii) provision of corporate finance advisory services (the "Business").

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

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

Pursuant to a special resolution passed at an extraordinary general meeting held on 24 February 2017, the name of the Company was changed from Goldenmars Technology Holdings Limited to the present one.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2 SUMMARY OF ACCOUNTING POLICIES

2.1 Basis of preparation

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) New standards, amendments and interpretations which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2016:

The following amendments to standards and annual improvements are mandatory for the first time for the financial year beginning 1 April 2016:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 28, "Investments entities applying the consolidation exception"
- Amendments to HKFRS 11, "Accounting for acquisitions of interests in joint operations"
- HKFRS 14, "Regulatory deferral accounts"
- Amendments to HKAS 1, "The disclosure initiative"
- Amendments to HKAS 16 and HKAS 38, "Clarification of acceptable methods of depreciation and amortisation"
- Amendment to HKAS 27, "Equity method in separate financial statements"
- Annual improvements to HKFRSs – 2012-2014 cycle

The Group has adopted these standards but the adoption of these standards did not have a significant impact on the Group's results and financial position.

There are no other new standards or amendments to standards that are effective for the first time for the financial year beginning on or after 1 April 2016 that are expected to have a material impact on the Group.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

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

The following new standards, amendments and interpretations are relevant to the Group, but are not yet effective for accounting periods beginning on 1 April 2016 and have not been early adopted:

	Effective for annual periods beginning on or after
HKFRS 9, "Financial Instruments"	1 January 2018
HKFRS 15, "Revenue from Contracts with Customers"	1 January 2018
HKFRS 16, "Leases"	1 January 2019
Amendments to HKFRS 2, "Classification and measurement of Share-based Payment Transactions"	1 January 2018
Amendments to HKAS 12, "Income taxes"	1 January 2017
Amendments to HKAS 7, "Statement of cash flows"	1 January 2017

HKFRS 9 "Financial Instruments"

HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities, there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

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

HKFRS 9 "Financial Instruments" (Continued)

HKFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses "ECL" model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

HKFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more "rule-based" approach of HKAS39.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

(1) Identify the contract(s) with customer;

(2) Identify separate performance obligations in a contract;

(3) Determine the transaction price;

(4) Allocate transaction price to performance obligations; and

(5) Recognise revenue when performance obligation is satisfied.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

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

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

The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes to an 'asset-liability' approach based on transfer of control.

HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the impact of applying HKFRS 15 on the Group's financial statements by identifying the separate performance obligations in the contracts with customers and allocating the transactions price, which could affect the timing of the revenue recognition.

HKFRS 16 "Leases"

HKFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces HKAS 17 'Leases', and related interpretations.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has no non-cancellable operating lease commitments (Note 30). The Group does not expect the adoption would have any material impact on its financial position and results of operations.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

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

Amendments to HKFRS 2, "Classification and measurement of Share-based Payment Transactions"

The HKICPA has issued amendments to HKFRS 2, 'Classification and Measurement of Share-based Payment Transactions'. These amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modification from cash-settled awards to equity-settled awards. It also introduces an exception to the principles in HKFRS 2 that requires an award to be treated as if it is wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

The directors do not foresee any material impact on the Group since the Group has no cash-settled share-based payment transactions.

Amendments to HKAS 12, "Income taxes"

The amendments stemmed from a request to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. However, the amendments address a broader area of accounting for deferred tax assets in general.

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide guidance on how an entity should determine future taxable profits to support the recognition of a deferred tax asset arising from a deductible temporary difference.

As the Group does not have debt instruments measured at fair value, the amendments will not have any impact on the financial position or performance of the Group.

Amendments to HKAS 7, "Statement of cash flows"

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

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

Amendments to HKAS 7, "Statement of cash flows" (Continued)

The directors anticipate that the application of amendments to HKAS 7 in the future may have a material impact on the consolidated statement of cash flows in the Group's combined financial statements. However, it is not practicable to provide a reasonable estimate of the effect of Amendments to HKAS 7 until the Group performs a detailed review.

2.2 Subsidiaries

2.2.1 Consolidation

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

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

(a) Business combinations

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

Acquisition-related costs are expensed as incurred.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(a) Business combinations *(Continued)*

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

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

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

(c) Disposal of subsidiaries

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

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of investment accounted for using equity method' in the consolidated income statement.

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

Gains and losses on dilution or disposals of equity interest in associates are recognised in the consolidated income statement.

2.4 Segment reporting

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.5 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

(c) *Group companies*

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

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

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

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.5 Foreign currency translation *(Continued)*

(c) Group companies (Continued)

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

2.6 Property, plant and equipment

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

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

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

Leasehold land classified as finance lease	Over the lease terms
Leasehold improvements	5 years or over the remaining lease terms, whichever is a shorter period
Buildings	40 to 50 years or over the lease terms, whichever is a shorter period
Machineries	3 to 10 years
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	5 years

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

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

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.7 Intangible assets

(a) Goodwill

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

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

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

(b) Money lending license

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

(c) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship (no more than one year).

2.8 Impairment of non-financial assets

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.9 Financial assets

2.9.1 Classification

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

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

2.9.2 Recognition and measurement

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

2.9.3 Offsetting financial instruments

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

2.9.4 Impairment of financial assets

Assets carried at amortised cost

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.9 Financial assets *(Continued)*

2.9.4 Impairment of financial assets (Continued)

Assets carried at amortised cost *(Continued)*

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

(a) Significant financial difficulty of the borrower;

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

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

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

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

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

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

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

The Group first assesses whether objective evidence of impairment exists.

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

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.10 Inventories

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

2.11 Trade, loan, interest and other receivables

Trade receivables are amounts due from customers for merchandise sold or service performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

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

Trade, loan, interest and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Cash and cash equivalents

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

2.13 Share capital

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

2.14 Trade and other payables

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

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.15 Borrowings

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

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

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

2.16 Borrowing costs

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

2.17 Current and deferred income tax

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

(a) Current income tax

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.17 Current and deferred income tax *(Continued)*

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

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

(c) Offsetting

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.18 Provisions

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

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

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

2.19 Revenue recognition

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

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

(a) Sales of goods

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

(b) Interest income

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.19 Revenue recognition *(Continued)*

(c) *Service income*

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

2.20 Employee benefits

(a) *Pension obligations*

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

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

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

(b) *Bonus plans*

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

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.20 Employee benefits *(Continued)*

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.21 Share-based payments

(a) Equity-settled share-based payment transactions

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

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

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

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

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.21 Share-based payments *(Continued)*

(b) Share-based payment transactions among group entities

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

2.22 Leases

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

2.23 Contingent liabilities

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

2.24 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

At 31 March 2017, if Hong Kong dollar had weakened/strengthened by 5% (2016: 5%) against RMB with all other variables held constant, pre-tax profit for the year would have been HK$1,000 lower/higher (2016: HK$1,000 lower/higher), primarily due to exchange loss/gain (2016: loss/gain) arising from revaluation of net RMB denominated monetary liabilities (2016: net RMB denominated monetary liabilities).

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

(ii) Price risk

The Group is exposed to fluctuations in the market price of its products including DRAM chips, DRAM Modules, USB flash drives, NAND flash chips and CPU chips, the prices of which are influenced by global as well as regional supply and demand conditions. The Group is able to partially recover increase in costs from customers through price adjustments, which may partially mitigate the price risk. The Group has not used any derivative instruments to hedge such economic exposures.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(iii) Cash flow interest rate risk

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

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

Based on the sensitivity analysis performed by management, if interest rates had been 100 (2016: 100) basis points higher/lower on the Group's bank borrowings with all other variable held constant, the pre-tax profit for the year would have been nil (2016: HK$1,625,000) lower/higher.

(b) Credit risk

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

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

The Group has concentrations of credit risk from trade receivables from its customers of the computer and peripheral products business. Trade receivables from the Group's five largest customers in aggregate accounted for all (2016: 97%) of the Group's total trade receivables at 31 March 2017. Management does not expect any losses from non-performance by these counterparties. The Group maintains frequent communications with these customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. Settlements from these customers are closely monitored on an ongoing basis by management of the Group to ensure any overdue debts are identified. Follow-up action is taken to recover the overdue debts.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

The Group manages and analyses the credit risk for each of their new and existing customers before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the customers based on their financial positions, past experience and other factors.

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

The Group considers the loan and respective interest receivables as loss if the repayment of principal and/or interest has been overdue for a pro-longed period and the collection of principal and interest in full is considered improbable after exhausting all collection efforts such as initiation of legal proceedings.

As at 31 March 2017, none of the loan and interest receivables (2016: nil) were past due.

Interest income from the top five borrowers constituted approximately 0.5% (2016: nil) of the Group's revenue for the year ended 31 March 2017. They accounted for approximately 53% (2016: nil) of the gross loan receivable balances as at 31 March 2017.

For other receivables and deposits, the directors consider the Group's credit risk to be minimal taking into account the financial position of the counterparties.

(c) Liquidity risk

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

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

	On demand	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2017					
Trade and other payables (excluding non-financial liabilities)	–	2,030	–	–	2,030
	–	2,030	–	–	2,030
As at 31 March 2016					
Bank borrowings and interest payable	163,022	–	–	–	163,022
Trade and other payables (excluding non-financial liabilities)	–	46,784	–	–	46,784
	163,022	46,784	–	–	209,806

3.2 Capital risk management

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

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management *(Continued)*

The Group's strategy was to maintain a solid capital base to support the operations and development of its business in the long term. The gearing ratios as at 31 March 2017 and 2016 were as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Bank borrowings (Note 18)	**–**	162,498
Less: Cash and cash equivalents (Note 13)	**(152,189)**	(205,655)
Net debt	**(152,189)**	(43,157)
Total equity	**409,825**	265,479
Total capital	**257,636**	222,322
Gearing ratio	**N/A**	N/A

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and financial liabilities including trade, loan and other receivables, deposits, cash and cash equivalents, trade and other payables and bank borrowings approximate their respective fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Business combination

The Group accounts for its business combinations by applying the acquisition method. The assets acquired and the liabilities assumed are recognised and measured on the basis of their fair values at the date of acquisition. To determine fair values of the assets acquired and liabilities assumed, the Group must make estimates and use valuation techniques when a market value is not readily available.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(b) Estimated provision for doubtful debts

The Group makes provision for doubtful debts based on assessment of the recoverability of trade, loan, interest and other receivables. Provisions are applied to trade, loan, interest and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

(c) Estimated impairment of inventories

The carrying value of inventory is reviewed by management at each reporting date to ensure that it is not recorded at a value higher than net realisable value. Management tests whether inventory suffered any impairment based on estimates of the net realisable value of the inventory.

Management estimates the net realisable value based primarily on current market conditions and the historical experience of manufacturing and selling products of similar nature and make allowance if the net realisable value is lower than the cost. These estimates could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Where the actual net realisable values are less than expected, an allowance may arise. Management reassess the estimations at the date of the statement of financial position.

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

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

(e) Current and deferred income tax

The Group is principally subject to income taxes both in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(f) Impairment of non-current assets

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

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

(g) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations required the use of estimates (Note 6).

(h) Share-based compensation

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

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

5 REVENUE AND SEGMENT INFORMATION

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

The CODM considers that the Group has three single operating and reporting segments which are (i) computer and peripheral products business, (ii) money lending business, and (iii) provision of corporate finance advisory services.

The Group's CODM assesses the performance of the operating segments based on adjusted operating profit/(loss). Expenses, where appropriate, are allocated to operating segments with reference to revenue contributions of the respective segments. Gain on disposal of equity interest in an investment accounted for using equity method, share of loss of an investment accounted for using equity method and unallocated expenses are not included in the result for each operating segment that is reviewed by the Group's CODM.

Segment assets consist primarily of intangible assets, inventories, trade receivables, loan receivables, interest receivables, deposits, prepayments and other receivables and other assets. They exclude property, plant and equipment, investment accounted for using equity method, deferred income tax assets, cash and cash equivalents, income tax recoverable and other unallocated assets, which are managed centrally. Segment liabilities consist primarily of trade payables and bank borrowings. They exclude current income tax and other unallocated liabilities, which are managed centrally.

For the year ended 31 March 2016, the CODM considers that the Group had only one single operating and reporting segment which is computer and peripheral products business.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The revenue reported to the CODM is measured in a manner consistent with that in the consolidated income statement and is categorised according to the nature of businesses.

	For the year ended 31 March 2017			
	Computer and peripheral products business HK$'000	**Money lending business** HK$'000	**Provision of corporate finance advisory services** HK$'000	**Total** HK$'000
Revenue	829,016	6,126	1,400	836,542
Cost of sales	(802,321)	–	–	(802,321)
	26,695	6,126	1,400	34,221
Selling expenses	(1,195)	–	–	(1,195)
General and administrative expenses	(8,630)	(245)	(279)	(9,154)
Other losses	(902)	–	–	(902)
Finance costs	(1,024)	–	–	(1,024)
Adjusted operating profit	14,944	5,881	1,121	21,946
Unallocated expenses				(21,307)
Operating profit				639
Finance costs				(221)
Gain on disposal of equity interest in an investment accounted for using equity method				6,736
Share of loss of an investment accounted for using equity method				(842)
Profit before income tax				6,312

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The following table presents segment assets and segment liabilities as at 31 March 2017.

	As at 31 March 2017			
	Computer and peripheral products business	**Money lending business**	**Provision of corporate finance advisory services**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	219,645	76,613	25,527	321,785
Segment liabilities	2,873	6	94	2,973

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

	As at 31 March 2017
	HK$'000
Segment assets	321,785
Cash and cash equivalents	1,050
Property, plant and equipment	44,666
Deposits, prepayments and other receivables	40,751
Deferred tax assets	2,413
Income tax recoverable	3,364
Total assets	414,029
Segment liabilities	2,973
Current income tax liabilities	1,161
Other unallocated liabilities	70
Total liabilities	4,204

Majority of the Group's sales were carried out in Hong Kong.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Revenue from top five customers	**794,982**	1,102,604
Total revenue	**836,542**	1,206,159
Percentage	**95%**	91%
Number of customers that individually accounted for more than 10% of the Group's revenue	**2**	2

For the year ended 31 March 2017, there were two customers that individually accounted for approximately 77% and 11% (2016: two customers – 54% and 21%) of the Group's revenue respectively. These customers belong to the Group's computer and peripheral products business.

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

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Hong Kong	**84,512**	47,926
The PRC	**153**	1,285
Others	**–**	72
	84,665	49,283

6 INTANGIBLE ASSETS

	Goodwill HK$'000	Money lending license HK$'000	Customer relationship contract HK$'000	Total HK$'000
At 31 March 2016 and 1 April 2016				
Cost	–	–	–	–
Accumulated amortisation and impairment	–	–	–	–
Net book amount	–	–	–	–
Year ended 31 March 2017				
Opening net book amount	–	–	–	–
Additions	–	1,703	–	1,703
Acquisition (Note 31)	4,641	–	56	4,697
Amortisation (Note 21)	–	(227)	(11)	(238)
Closing net book amount	4,641	1,476	45	6,162
At 31 March 2017				
Cost	4,641	1,703	56	6,400
Accumulated amortisation and impairment	–	(227)	(11)	(238)
Net book amount	4,641	1,476	45	6,162

In July 2016, the Group acquired a money lending license in Hong Kong through acquisition of a Hong Kong incorporated company. The money lending license has a legal life of one year but is renewable at insignificant cost. The directors of the Company are of the opinion that the Group could renew the money lending license and maintain the license continuously.

Amortisation charge of HK$238,000 (2016: nil) was included in general and administrative expenses in the consolidated income statement.

Impairment tests for goodwill

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

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

6 INTANGIBLE ASSETS *(Continued)*

For the significant amount of goodwill, the key assumptions used for value-in-use calculations in 2017 is as follows:

	2017
Revenue	3%
Terminal growth rate	3%
Discount rate (pre-tax)	20.9%

Management determined the budgeted revenue based on their expectations of market developments with the growth rates being estimated based on the industry forecasts and management's expectations. The terminal growth rate is based on the expected inflation rate. The discount rate reflects specific risks relating to the relevant operating segment. As at 31 March 2017, the estimated recoverable amount of the CGU exceeded its carrying value and the directors are of the opinion that there was no impairment of goodwill as at 31 March 2017.

7 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK$'000	**Leasehold improvements** HK$'000	**Machineries** HK$'000	**Office equipment** HK$'000	**Furniture and fixtures** HK$'000	**Motor vehicles** HK$'000	**Total** HK$'000
Year ended 31 March 2016							
Opening net book amount	46,690	440	1,711	111	71	1,892	50,915
Additions	–	430	–	47	28	742	1,247
Disposals	–	–	–	–	(1)	–	(1)
Depreciation (Note 21)	(1,404)	(370)	(456)	(69)	(39)	(678)	(3,016)
Exchange realignment	–	(2)	(75)	(1)	(2)	(6)	(86)
Closing net book amount	45,286	498	1,180	88	57	1,950	49,059
At 31 March 2016							
Cost	52,306	2,171	4,820	1,227	236	5,347	66,107
Accumulated depreciation	(7,020)	(1,673)	(3,640)	(1,139)	(179)	(3,397)	(17,048)
Net book amount	45,286	498	1,180	88	57	1,950	49,059

7 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold properties HK$'000	Leasehold improvements HK$'000	Machineries HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 31 March 2017							
Opening net book amount	45,286	498	1,180	88	57	1,950	49,059
Additions	–	–	–	23	193	–	216
Disposals	–	(34)	(922)	(3)	(19)	–	(978)
Depreciation (Note 21)	(1,404)	(151)	(115)	(34)	(45)	(579)	(2,328)
Exchange realignment	–	2	(71)	–	1	(7)	(75)
Closing net book amount	43,882	315	72	74	187	1,364	45,894
At 31 March 2017							
Cost	52,306	2,055	393	353	368	5,347	60,822
Accumulated depreciation	(8,424)	(1,740)	(321)	(279)	(181)	(3,983)	(14,928)
Net book amount	43,882	315	72	74	187	1,364	45,894

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

	As at 31 March **2017** **HK$'000**	2016 HK$'000
In Hong Kong, held on:		
Leases of between 10 and 50 years	**43,882**	45,286

Depreciation of the Group's property, plant and equipment has been charged to the consolidated income statement as follows:

	Year ended 31 March **2017** **HK$'000**	2016 HK$'000
Cost of sales	**51**	374
General and administrative expenses	**2,277**	2,642
	2,328	3,016

The Group's leasehold properties were pledged as collateral for the Group's banking facilities as at 31 March 2017 (2016: same).

8 SUBSIDIARIES

The following is a list of the principal subsidiaries:

Name	Place and date of incorporation	Principal activities	Particulars of issued registered/paid up capital	Interest held 2017	2016
Directly owned:					
Golden Profit Global Trading Limited	British Virgin Islands ("BVI"), 16 November 2010	Investment holding	10,000 ordinary shares of US$1 each	100%	100%
Indirectly owned:					
Top Harvest Capital Limited	BVI, 4 January 2011	Property holding	100 ordinary shares of US$1 each	100%	100%
Goldenmars Technology (Hong Kong) Limited	Hong Kong, 26 April 2005	Assembling and trading of electronic components and products	43,000,000 ordinary shares totaling HK$43,000,000	100%	100%
Bodatong Technology (Shenzhen) Company Limited	The PRC, 11 July 2007	Manufacturing of electronic components	RMB10,000,000 registered capital	100%	100%
Huabang Finance Limited (formerly known as Qianhai Finance Limited)	Hong Kong, 27 August 2015	Money lending business	10,000 ordinary shares totaling HK$10,000	100%	–
Huabang Financial Limited (formerly known as Qianhai Financial Limited)	Hong Kong, 25 June 2014	Investment holding	10,000 ordinary shares totaling HK$10,000	100%	–
Huabang Corporate Finance Limited (formerly known as Qianhai Corporate Finance Limited)	Hong Kong, 27 August 2015	Provision of corporate finance advisory services	15,000,000 ordinary shares totaling HK$15,000,000	100%	–

9 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
At beginning of the year	**17,055**	21,078
Gain on deemed partial disposal of equity interest in an investment accounted for using equity method	**–**	1,382
Share of loss for the period/year	**(842)**	(4,488)
Disposal of equity interest in an investment accounted for using equity method	**(15,662)**	–
Exchange realignment	**(551)**	(917)
At end of the year	**–**	17,055

Investment accounted for using equity method as at 31 March 2016 represented a 12.42% equity interest in Bozhou Botong Information Technology Company Limited ("Bozhou Botong"), a limited company incorporated in the PRC, which is principally engaged in manufacturing and sales of smartphone and computer peripheral products. The registered capital of Bozhou Botong as of 31 March 2016 was RMB155,000,000.

On 15 June 2016, the Group entered into an agreement with an independent third party to dispose of the entire equity interest in Bozhou Botong at cash consideration of RMB19,250,000 (approximately HK$22,398,000). The disposal was completed on 29 September 2016 and the Company recognised a gain on disposal of approximately HK$6,736,000 from such disposal, being the difference between the consideration of disposal and the carrying value of the investment as at the date of disposal.

10 INVENTORIES

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Raw materials	**801**	18,434
Work-in-progress	**–**	1,025
Finished goods	**84**	1,326
	885	20,785
Less: provision for impairment of inventories	**(391)**	(4,153)
	494	16,632

10 INVENTORIES *(Continued)*

The cost of inventories recognised as expenses and included in cost of sales amounted to HK$801,930,000 (2016: HK$1,142,016,000), which included reversal of impairment of inventories of HK$1,386,000 (2016: HK$658,000).

Movements in provision for impairment of inventories are as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Beginning of the year	**4,153**	4,811
Write-off of inventory	**(2,376)**	–
Reversal of impairment of inventories	**(1,386)**	(658)
End of the year	**391**	4,153

11 LOAN RECEIVABLES

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Loan receivables	**70,400**	–
Less: provision for impairment	**–**	–
Loan receivables, net	**70,400**	–

The Group's loan receivables, which arise from its money lending business in Hong Kong, are denominated in Hong Kong dollars, unsecured, bear fixed interest rate, and repayable within one year from the dates of inception of the loan agreements. No provision for impairment of loan receivables has been made during the year ended 31 March 2017.

A maturity profile of the loan receivable as at the end of the reporting periods, based on the maturity date, net of provision, is as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Current – within one year	**70,400**	–

12 TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Non-current		
Prepayments for acquisition of a subsidiary (Note a)	**30,000**	–
Non-current deposits	**196**	196
	30,196	196
Current		
Trade receivables	**88,660**	187,771
Less: provision for impairment	**(183)**	(183)
Trade receivables	**88,477**	187,588
Prepayments	**589**	516
Other receivables (Note b)	**10,395**	213
Interest receivables (Note c)	**3,456**	–
Deposits, prepayments and other receivables	**14,440**	729
Total trade receivables and deposits, prepayments and other receivables	**133,113**	188,513

Notes:

(a) On 7 March 2017, Goldenmars Technology Investments Limited ("Goldenmars Technology Investments"), an indirectly wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with an independent third party, pursuant to which the Goldenmars Technology Investments has conditionally agreed to acquire a 100% equity interest in a target company, which is a company incorporated in Hong Kong, at a consideration of HK$180,150,000, to be satisfied by cash of HK$30,000,000 and the allotment and issue of 231,000,000 shares of the Company at HK$0.65 per share each. As at 31 March 2017, a refundable prepayment of HK$30,000,000 was paid to the vendor.

The target company is a licensed corporation under the Securities and Futures Ordinance, and is principally engaged in provision of brokerage services and securities margin financing.

The transaction is expected to be completed in the third quarter of 2017 upon fulfillment of the completion conditions, including obtaining approval from the regulators.

(b) Included in other receivables is the proceeds receivable from the disposal of the Group's investment accounted for using equity method amounting to HK$10,288,000 (Note 9). Such balance is unsecured, non-interesting bearing and due on 15 June 2017.

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

12 TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(Continued)

The directors consider that the carrying amounts of trade receivables, deposits, prepayments and other receivables approximate to their fair values as at 31 March 2017 (2016: same).

The Group grants credit period ranging from 5 days to 60 days (2016: same) to the customers. The aging analysis of trade receivables (mostly denominated in US$) at date of statement of financial position based on invoice date is as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
1 – 30 days	**62,870**	134,393
31 – 60 days	**25,601**	53,162
61 – 90 days	**–**	33
Over 90 days	**189**	183
	88,660	187,771
Less: Provision for impairment	**(183)**	(183)
	88,477	187,588

As at 31 March 2017, trade receivables of approximately HK$95,000 (2016: HK$20,142,000), were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The aging analysis of these past due receivables is as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
1 – 30 days	**89**	20,109
31 – 60 days	**–**	–
61 – 90 days	**–**	33
Over 90 days	**6**	–
	95	20,142

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

As at 31 March 2017, gross trade receivables of approximately HK$183,000 (2016: same) was fully impaired. The impaired receivables was related to balances due from a customer which the directors believe that the recoverability was remote. The aging analysis of these impaired receivables is as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Over 90 days	**183**	183

Movements in the provision for impairment of trade receivables are as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
At beginning of the year	**183**	–
Provision for impairment of trade receivables	**–**	183
At end of the year	**183**	183

As at 31 March 2017 and 2016, the maximum exposures of the Group to credit risk were the carrying value of trade receivables mentioned above.

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

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
HK$	**34,191**	454
RMB	**10,371**	413
New Taiwan Dollar ("TWD")	**–**	44
US$	**88,551**	187,602
	133,113	188,513

The Directors consider the balances of deposits, prepayments and other receivables are neither past due nor impaired.

The Group does not hold any collateral as security for trade receivables, deposits and other receivables.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

	As at 31 March 2017 HK$'000	2016 HK$'000
Cash on hand		
RMB	**20**	134
HK$	**15**	3
	35	137
Cash at banks		
HK$	**79,425**	45,014
RMB	**225**	920
TWD	**25**	109
US$	**72,479**	159,471
Others	**–**	4
	152,154	205,518
	152,189	205,655

The effective interest rate on cash at bank was 0.01% (2016: 0.27%) per annum.

The conversion of bank and cash balances denominated in RMB into foreign currencies in the PRC and the remittance of these deposits or cash out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 March 2017, the Group's cash at banks of approximately HK$225,000 (2016: HK$920,000) were deposited at banks in the PRC.

14 SHARE CAPITAL

Authorised shares:

As at 31 March 2017, the total authorised number of ordinary shares is 8,000 million shares (2016: same) with a par value of HK$0.0008333 per share (2016: HK$0.01 per share). On 6 May 2016, the Company effected a subdivision of shares whereby each ordinary shares was subdivided into twelve ordinary shares of HK$0.0008333 each.

Issued shares:

	Number of shares '000	**Share capital** HK'000
As at 31 March 2015	264,000	2,640
Issuance of shares by placing (Note)	29,880	299
As at 31 March 2016	293,880	2,939
As at 31 March 2016	293,880	2,939
Share subdivision	3,232,680	–
Issuance of shares by placing (Note)	330,000	275
As at 31 March 2017	3,856,560	3,214

Note:

On 9 April 2015, the Company issued 29,880,000 ordinary shares (before share split) of HK$0.01 each at price of HK$1.20 each through placement for an aggregate consideration of approximately HK$35,856,000.

On 24 October 2016, the Company issued 330,000,000 ordinary shares of HK$0.0008333 each at price of HK$0.46 each through placement for an aggregate consideration of approximately HK$151,800,000.

15 SHARE-BASED PAYMENTS

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

On 21 December 2016, the Group announced the granting of a total of 288,000,000 share options to selected employees and directors under the Share Option Scheme and 203,000,000 share options have been approved and granted to the employees and some directors on the same date. The remaining 85,000,000 share options have been subsequently approved and granted to the remaining director in an extraordinary general meeting held on 24 February 2017. The exercise price of the granted options is HK$0.55 per share.

For the 203,000,000 share options granted on 21 December 2016, details of the validity period and vesting period of share options are as follows:

(i) One-third of the share options is exercisable from 21 December 2016 to 20 December 2019 ("Tranche 1.1"). These share options are unconditionally vested as at 21 December 2016 or date of grants, whichever is later;

(ii) One-third of the share options is exercisable from 21 December 2017 to 20 December 2019 ("Tranche 1.2"). These share options will be vested as at 21 December 2017; and

(iii) One-third of the share options is exercisable from 21 December 2018 to 20 December 2019 ("Tranche 1.3"). These share options will be vested as at 21 December 2018.

For the 85,000,000 share options granted on 24 February 2017, details of the validity period and vesting period of share options are as follows:

(iv) One-third of the share options is exercisable from the 24 February 2017 to 20 December 2019 ("Tranche 2.1"). These share options are unconditionally vested as at 21 December 2016 or date of grants, whichever is later;

(v) One-third of the share options is exercisable from 21 December 2017 to 20 December 2019 ("Tranche 2.2"). These share options will be vested as at 21 December 2017; and

(vi) One-third of the share options is exercisable from 21 December 2018 to 20 December 2019 ("Tranche 2.3"). These share options will be vested as at 21 December 2018.

No share options were exercised or forfeited during the year ended 31 March 2017.

15 SHARE-BASED PAYMENTS *(Continued)*

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

	2017		2016	
	Average exercise price in HK$ per share option	**Number of share options (thousands)**	Average exercise price in HK$ per share option	Number of share options (thousands)
1 April 2016	**–**	**–**	–	–
Granted during the year	**0.55**	**288,000**	–	–
31 March 2017		**288,000**		–

Share options outstanding as at 31 March 2017 have the following expiry dates and exercise prices:

Expiry date	**Exercise price in HK$ per share option**	**Number of share options (thousands) 2017**	**2016**
20 December 2019	**0.55**	**288,000**	N/A

As at 31 March 2017, 96,000,000 share options were vested.

The fair value of each option granted during the year was determined using Black Scholes model at HK$0.091, HK$0.109, HK$0.126, HK$0.146, HK$0.163 and HK$0.182 for Tranche 1.1, Tranche 1.2, Tranche 1.3, Tranche 2.1, Tranche 2.2 and Tranche 2.3, respectively.

For those share options granted to selected employees and directors on 21 December 2016, the significant inputs into the model were closing share price of HK$0.49 at the grant date, exercise price shown above, volatility of 46.25%, a vesting periods of one, two and three years respectively for each tranche of the share options shown above, dividend yield of 1% per annum and risk-free interest rates of 0.97%, 1.14% and 1.30% per annum for Tranche 1.1, Tranche 1.2 and Tranche 1.3 respectively. The volatility measured at the grant date is referenced to the historical volatility of the Company.

15 SHARE-BASED PAYMENTS *(Continued)*

For those share options granted to the director on 24 February 2017, the significant inputs into the model were closing share price of HK$0.59 at the grant date, exercise price shown above, volatility of 45.39%, a vesting periods of one, two and three years respectively for each tranche of the share options shown above, dividend yield of 1% per annum and risk-free interest rates of 0.81%, 0.91% and 1.01% for Tranche 2.1, Tranche 2.2 and Tranche 2.3 respectively. The volatility measured at the grant date is referenced to the historical volatility of the Company.

Share-based payments of HK$115,000 (2016: nil) and HK$14,145,000 (2016: nil) were included in selling expenses and general and administrative expenses in the consolidated income statement respectively.

16 OTHER RESERVES

(a) Merger reserve

The Group's merger reserve represents the difference between the share capital of the Company and the aggregate amount of share capital of other companies comprising the Group, after elimination of intra-group investments.

(b) Capital reserve

The Group's capital reserve represents deemed contribution by the Controlling Shareholders as a shareholder acquired the remaining non-controlling interests of a subsidiary and contributed to the Group at no cost prior to 1 April 2011.

(c) Statutory reserve

The Company's subsidiary in the PRC is required to transfer 10% of its profit after income tax calculated in accordance with the PRC accounting standards and regulations to the statutory reserve until the balance reaches 50% of its respective registered capital, where further transfers will be at their directors' discretion. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to equity holders of the PRC subsidiary in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory reserve after such issue is no less than 25% of share capital of the PRC subsidiary.

17 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Trade payables	**–**	42,881
Other payables and accrued expenses		
Accrued expenses	**2,009**	3,876
Receipt in advance	**1,013**	257
Other payables	**21**	27
	3,043	4,160
Total	**3,043**	47,041

Payment terms granted by suppliers are mainly on credit. The credit period ranges from 30 to 60 days after the end of the month in which the relevant purchases occurred.

The aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
1 – 30 days	**–**	42,450
31 – 60 days	**–**	1
61 – 90 days	**–**	35
Over 90 days	**–**	395
	–	42,881

Trade payables, accrued expenses and other payables of the Group are denominated in the following currencies:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
HK$	**1,720**	3,449
RMB	**310**	909
TWD	**–**	90
US$	**–**	42,336
	2,030	46,784

18 BANK BORROWINGS

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Bank loans	–	15,306
Trust receipt bank loans	–	147,192
	–	162,498

The maturities of the bank borrowings in accordance with the scheduled repayment dates (excluding any demand clauses) are as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Bank loans		
Within one year	–	2,042
Between one and two years	–	2,088
Between two and five years	–	6,551
Over five years	–	4,625
	–	15,306
Trust receipt bank loans		
Within one year	–	147,192

The Group's bank loans that contain a clause giving the lenders the unconditional right to demand repayment at any time has been classified as current liability irrespective of the probability that the lender will invoke the clause without cause. As at 31 March 2017, the Group had no outstanding bank loans. As at 31 March 2016, the Group's bank borrowings amounting to HK$13,264,000 contain such repayment on demand clauses and were therefore classified under current liabilities.

As at 31 March 2016, the weighted average effective interest rate on bank borrowings was 3% per annum.

18 BANK BORROWINGS *(Continued)*

Bank borrowings of the Group are denominated in the following currencies:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
HK$	**–**	15,306
US$	**–**	147,192
	–	162,498

19 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Deferred tax assets		
– Deferred tax assets to be recovered after more than 12 months	**(2,413)**	(28)
– Deferred tax assets to be recovered within 12 months	**–**	–
	(2,413)	(28)
Deferred tax liabilities		
– Deferred tax liabilities to be recovered after more than 12 months	**–**	–
– Deferred tax liabilities to be recovered within 12 months	**–**	–
	–	–
Deferred tax assets, net	**(2,413)**	(28)

The movement on the deferred income tax is as follows:

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
At beginning of the year	**(28)**	68
Credited to consolidated income statement (Note 26)	**(2,385)**	(96)
At end of the year	**(2,413)**	(28)

19 DEFERRED INCOME TAX *(Continued)*

Movements of deferred tax assets:

	Decelerated tax depreciation As at 31 March		Other provision As at 31 March		Total As at 31 March	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At beginning of the year	**(28)**	–	**–**	–	**(28)**	–
Credited to consolidated income statement	**(32)**	(28)	**(2,353)**	–	**(2,385)**	(28)
At end of the year	**(60)**	(28)	**(2,353)**	–	**(2,413)**	(28)

Movements of deferred tax liabilities:

	Accelerated tax depreciation As at 31 March	
	2017	2016
	HK$'000	HK$'000
At beginning of the year	**–**	68
Credited to consolidated income statement	**–**	(68)
At end of the year	**–**	–

As at 31 March 2017, the Group has unrecognised tax losses of approximately HK$348,000 (2016: HK$67,000) in Hong Kong, which have no expiry dates, and approximately HK$21,397,000 (2016: HK$17,700,000) in the PRC which will expire during year 2018 to year 2022. No deferred tax assets have been recognised for these tax losses as the directors consider that it is not probable that the temporary difference will be reversed in the foreseeable future.

20 FINANCIAL INSTRUMENTS BY CATEGORIES

	As at 31 March	
	2017	2016
	HK$'000	HK$'000
Loans and receivables		
Assets as per consolidated statement of financial position		
Trade receivables, deposits and other receivables, excluding prepayments	**102,524**	187,997
Loan receivables	**70,400**	–
Cash and cash equivalents	**152,189**	205,655
	325,113	393,652
Other financial liabilities at amortised cost		
Liabilities as per consolidated statement of financial position		
Trade and other payables (excluding non-financial liabilities)	**2,030**	46,784
Bank borrowings	**–**	162,498
	2,030	209,282

21 EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses, and general and administrative expenses are analysed as follows:

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Cost of inventories sold	**803,316**	1,142,674
Reversal of impairment of inventories (Note 10)	**(1,386)**	(658)
Provision for impairment of trade receivables (Note 12)	**–**	183
Auditor's remuneration		
– Audit services	**1,350**	1,120
– Non-audit services	**–**	1,060
Depreciation of property, plant and equipment (Note 7)	**2,328**	3,016
Amortisation of intangible assets (Note 6)	**238**	–
Legal and professional fees	**1,350**	2,873
Employee benefit expenses (Note 22)	**8,790**	9,854
Share option expenses (Note 15)	**14,260**	–
Operating lease rentals of premises	**388**	629
Utilities expenses	**123**	406
Building management fees	**567**	541
Donation	**–**	1,000
Others	**2,764**	2,782
Total	**834,088**	1,165,480

22 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Wages and salaries	**8,441**	9,496
Pension costs – defined contribution plans (Note)	**341**	427
Others	**8**	(69)
	8,790	9,854
Share option expenses (Note 15)	**14,260**	–
	23,050	9,854

Note: These mainly represent:

(i) the Group's contributions to the Mandatory Provident Funds (MPF) for employees working in Hong Kong. Under the MPF scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings with a maximum of HK$1,500 for employee's monthly contribution as defined under the Hong Kong Mandatory Provident Funds legislations.

(ii) the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC, and include elderly insurance, medical insurance and unemployment insurance at rates up to 20%, 7.5% and 2% respectively of the employees' basic salaries depending on the applicable local regulations.

The Group has no other material obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

23 SENIOR MANAGEMENT EMOLUMENTS

(a) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group are as follows:

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Directors (Note 34)	**11,547**	2,054
Employees	**4,548**	2,213
	16,095	4,267

23 SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

(a) Five highest paid individuals *(Continued)*

The five individuals where emoluments were the highest in the Group include three (2016: three) directors whose emoluments were disclosed in Note 34. The emoluments payable to the remaining two (2016: two) non-director individuals during the year are as follows:

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Basic salaries	**1,330**	2,137
Pension costs – defined contribution plan	**20**	76
Share option expenses (Note 15)	**3,198**	–
	4,548	2,213

Remuneration of the two (2016: two) highest paid non-director individuals fell within the following bands:

	Year ended 31 March	
	2017	2016
Emolument Bands		
HK$500,001 to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	–

(b) Senior management's emoluments

The emoluments of the three (2016: five) senior management fell within the following bands:

	Number of individuals	
	2017	2016
Nil to HK$500,000	**1**	4
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	–

24 OTHER LOSSES

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Finance income	**12**	551
Exchange losses	**(645)**	(2,222)
Repair and testing income	**–**	520
Loss on disposal of property, plant and equipment (Note 29(b))	**(186)**	(1)
Others	**28**	23
Total	**(791)**	(1,129)

25 FINANCE COSTS

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Finance costs		
– Interest expense on bank borrowings	**1,245**	5,925

26 INCOME TAX EXPENSE

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**3,248**	7,186
– PRC corporate income tax	**–**	–
Under/(over)-provision in prior year	**60**	(19)
Deferred income tax (Note 19)	**(2,385)**	(96)
	923	7,071

The Group is subject to both Hong Kong profits tax and PRC corporate income tax.

Hong Kong profits tax has been provided for at a rate of 16.5% (2016: same) on the estimated assessable profits arising in or derived from Hong Kong. The subsidiary in the PRC is subjected to PRC corporate income tax at a rate of 25% (2016: same).

26 INCOME TAX EXPENSE *(Continued)*

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities in the respective jurisdictions as follows:

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Profit before income tax	**6,312**	30,519
Tax calculated at domestic tax rates applicable to profits in the respective countries	**1,589**	5,313
Tax effects of:		
– Expenses not deductible	**51**	195
– Income not subject to taxation	**(1,711)**	(97)
– Tax losses for which no deferred income tax was recognised	**934**	1,679
– Under/(over)-provision in prior year	**60**	(19)
Tax charge	**923**	7,071
Effective tax rate	**14.6%**	23.2%

27 DIVIDENDS

No final dividend for the years ended 31 March 2017 and 2016 were proposed.

During the year ended 31 March 2017, the Company declared and paid an interim dividend of HK$0.005 per ordinary share (2016: nil), totalling approximately HK$19,283,000 (2016: nil).

28 EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 March	
	2017	2016 (Restated)
Profit attributable to equity holders of the Company (HK$'000)	**5,389**	23,448
Weighted average number of ordinary shares in issue	**3,670,313,425**	3,518,722,623
Basic earnings per share	**HK0.15 cent**	HK0.67 cent

Weighted average number of ordinary shares in issue and basic earnings per share as stated have taken into account the effect of the Share Subdivision that took place on 6 May 2016 (Note 14). Comparative figures have also been restated on the assumption that the Share Subdivision had been effective as at 1 April 2015.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one (2016: nil) category of dilutive potential ordinary share: share options (2016: nil). For the share options, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of share options.

Diluted earnings per share for the year ended 31 March 2017 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options would have an anti-dilutive effect to the basic earnings per share.

There were no potential dilutive ordinary shares outstanding during the year ended 31 March 2016.

29 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations:

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Profit before income tax	**6,312**	30,519
Adjustments for:		
Depreciation (Note 7)	**2,328**	3,016
Amortisation (Note 6)	**238**	–
Reversal of impairment of inventories (Note 10)	**(1,386)**	(658)
Provision for impairment of trade receivables (Note 12)	**–**	183
Loss on disposal of property, plant and equipment (Note (b))	**186**	1
Exchange losses (Note 24)	**645**	2,222
Finance income (Note 24)	**(12)**	(551)
Finance costs (Note 25)	**1,245**	5,925
Gain on deemed partial disposal of equity interest in an investment accounted for using equity method (Note 9)	**–**	(1,382)
Gain on disposal of equity interest in an investment accounted for using equity method (Note 9)	**(6,736)**	–
Share of loss of an investment accounted for using equity method (Note 9)	**842**	4,488
Share options expenses	**14,260**	–
Changes in working capital:		
– Inventories	**17,524**	15,862
– Loan receivables	**(70,400)**	–
– Trade receivables	**99,287**	(47,192)
– Deposits, prepayments and other receivables	**(3,423)**	1,526
– Trade payables	**(42,881)**	11,675
– Other payables and accrued expenses	**(2,343)**	(2,790)
Cash generated from operations	**15,686**	22,844

(b) In the consolidated statements of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Net book amount of property, plant and equipment disposed (Note 7)	**978**	1
Loss on disposal of property, plant and equipment (Note 24)	**(186)**	(1)
Proceeds from disposal of property, plant and equipment	**792**	–

29 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) In the consolidated statements of cash flows, proceeds from disposal of equity interest in an investment accounted for using equity method comprise:

	Year ended 31 March 2017 HK$'000
Consideration (Note 9)	22,398
Proceeds receivable (Note 12(b))	(10,288)
Offset against balance due to the acquirer	(10,751)
Proceeds from disposal of equity interest in an investment accounted for using equity method	1,359

30 OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Not later than 1 year	**–**	80
Later than 1 year and not later than 5 years	**–**	–
	–	80

31 BUSINESS COMBINATION

On 10 February 2017, Goldenmars Internet Media Company Limited ("Goldenmars Internet Media"), an indirectly wholly-owned subsidiary of the Company, completed the acquisition of a 100% equity interest in Huabang Financial from an independent third party pursuant to a sales and purchase agreement dated 28 July 2016 at a cash consideration of HK$24,000,000. Huabang Financial is a company incorporated in Hong Kong which directly holds the entire issued share capital of Huabang Corporate Finance, a company incorporated in Hong Kong which is principally engaged in provision of corporate finance advisory services in Hong Kong.

In accordance with HKFRS 3 (Revised), "Business Combination", the Group is required to recognise the identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair value at the acquisition date. Accordingly, the Group has undertaken a purchase price allocation allocating the purchase consideration to the identifiable assets and liabilities acquired at the acquisition date. Significant accounting estimates have been involved when performing the allocation.

31 BUSINESS COMBINATION *(Continued)*

The following table summarises the consideration, the fair values of the assets acquired and liabilities assumed at the acquisition date and goodwill arising from the acquisition:

	HK$'000
Purchase consideration	
– Cash paid	13,249
– Offset with receivable from the then owner of Qianhai Financial Limited	10,751
	24,000
Recognised amounts of identifiable assets acquired and liabilities assumed – at fair value	
Cash and cash equivalents	20,353
Customer relationship contract (Note 6)	56
Trade and other receivables	176
Receipt in advance and other payables	(1,226)
Total identifiable net assets	19,359
Goodwill	4,641

Goodwill is attributable to the provision of corporate finance advisory services segment and the synergies expected to arise after the Group's acquisition of the business operation.

Revenue included in the consolidated income statement since acquisition date contributed by Huabang Financial was HK$1,400,000. This acquired business contributed profit of HK$1,009,000 for the year ended 31 March 2017 from the acquisition date.

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise control or significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

Major related party that had transactions with the Group was as follows:

Name of the related parties	**Relationship**
Huabang Securities Limited (formerly known as Qian Hai Securities Limited)	Common director with a subsidiary of the Group

(a) Transactions with related parties

During the year ended 31 March 2017, the Group paid placing commission expense of HK$7,590,000 to Huabang Securities Limited.

During the year ended 31 March 2016, no material transactions were undertaken by the Group with related parties.

(b) Key management compensation

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Basic salaries and allowances	**4,102**	4,547
Pension costs – defined contribution plan	**100**	107
Share option expenses (Note 15)	**13,281**	–
	17,483	4,654

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 March	
		2017	2016
		HK$'000	HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries		**342,728**	191,059
Current assets			
Amount due from a subsidiary		**14,260**	2,234
Deposits, prepayments and other receivable		**267**	–
		14,527	2,234
Total assets		**357,255**	193,293
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**3,214**	2,939
Other reserves	Note a	**354,041**	190,354
Total equity		**357,255**	193,293
Total equity and liabilities		**357,255**	193,293
Net current assets		**14,527**	2,234
Total assets less current liabilities		**357,255**	193,293

The statement of financial position of the Company was approved by the Board of Directors on 14 June 2017 and was signed on its behalf

George Lu	**Lau Wing Sze**
Director	Director

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(a) Reserve movement of the Company:

	Share premium HK$'000	Contributed surplus HK$'000 Note	Employee share-based compensation reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
For the year ended 31 March 2017					
Balance at 1 April 2016	99,814	95,114	–	(4,574)	190,354
Comprehensive income					
Profit for the year	–	–	–	24,775	24,775
Total comprehensive income	–	–	–	24,775	24,775
Transaction with owners					
Interim dividend declared and paid (Note 27)	–	–	–	(19,283)	(19,283)
Issuance of shares by placement (Note 14)	151,525	–	–	–	151,525
Share issuance expenses	(7,590)	–	–	–	(7,590)
Employees share option scheme – value of employee services (Note 15)	–	–	14,260	–	14,260
Balance at 31 March 2017	243,749	95,114	14,260	918	354,041
For the year ended 31 March 2016					
Balance at 1 April 2015	65,333	95,114	–	(763)	159,684
Comprehensive income					
Loss for the year	–	–	–	(3,811)	(3,811)
Total comprehensive income	–	–	–	(3,811)	(3,811)
Transaction with owners					
Issuance of shares by placement (Note 14)	35,557	–	–	–	35,557
Share issuance expenses	(1,076)	–	–	–	(1,076)
Balance at 31 March 2016	99,814	95,114	–	(4,574)	190,354

Note: Contributed surplus

Contributed surplus represents the difference between the excess of the nominal value of the Company shares issued and the aggregate net asset value of the subsidiaries acquired pursuant to the reorganisation.

34 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the directors for the year ended 31 March 2017 are set out below:

	Fee	Salary	Discretionary bonus	Housing allowance	Estimated monetary value of other benefit	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2017									
Name of directors									
Executive directors									
Mr. George Lu	100	620	–	–	4,932	18	–	–	5,670
Ms. Lau Wing Sze (Note (i))	100	815	–	–	1,957	18	–	–	2,890
Mr. Lau Wan Po (Note (ii))	–	–	–	–	1,149	–	–	–	1,149
Mr. Pang Chung Fai Benny (Note (iii))	58	–	–	–	45	1	–	–	104
Ms. Shen Wei (Note (iv))	100	350	–	–	–	2	–	–	452
	358	1,785	–	–	8,083	39	–	–	10,265
Non-executive directors									
Mr. Lau Wan Po (Note (ii))	–	–	–	–	1,838	–	–	–	1,838
	–	–	–	–	1,838	–	–	–	1,838

34 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of the directors for the year ended 31 March 2017 are set out below: (Continued)

	Fee HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Housing allowance HK$'000	Estimated monetary value of other benefit HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking HK$'000	Total HK$'000
Year ended 31 March 2017									
Name of directors									
Independent non-executive directors									
Mr. Loo Hong Shing, Vincent	161	–	–	–	69	8	–	–	238
Mr. Mu Binrui (Note (v))	29	–	–	–	–	–	–	–	29
Mr. Lam Allan Loc (Note (v))	29	–	–	–	–	1	–	–	30
Mr. Shin Yick Fabian (Note (vi))	89	–	–	–	69	5	–	–	163
Mr. Pang Chung Fai, Benny (Note (iii))	135	–	–	–	24	7	–	–	166
Mr. Wan Tak Shing (Note (vii))	25	–	–	–	–	1	–	–	26
Mr.Yeung Wai Fai Andrew (Note (viii))	48	–	–	–	–	2	–	–	50
	516	–	–	–	162	24	–	–	702

34 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of the directors for the year ended 31 March 2016 are set out below:

	Fee	Salary	Discretionary bonus	Housing allowance	Estimated monetary value of other benefit	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2016									
Name of directors									
Executive directors									
Mr. George Lu	100	620	–	–	–	18	–	–	738
Ms. Lau Wing Sze (Note (i))	100	656	–	–	–	18	–	–	774
Ms. Shen Wei	100	440	–	–	–	2	–	–	542
	300	1,716	–	–	–	38	–	–	2,054
Independent non-executive directors									
Mr. Loo Hong Shing, Vincent	139	–	–	–	–	7	–	–	146
Mr. Pang Chung Fai, Benny	139	–	–	–	–	7	–	–	146
Mr. Wan Tak Shing	139	–	–	–	–	7	–	–	146
	417	–	–	–	–	21	–	–	438

34 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

Note:

(i) Lau Wing Sze was also the Chief Executive Officer ("CEO") of the Company as at 31 March 2016. Lau Wing Sze has resigned as the CEO but remains an executive director and George Lu has been appointed as the CEO with effect from 2 June 2016.

(ii) Lau Wan Po was appointed as a Non-Executive Director and Vice-chairman of the Company on 26 January 2017. With effect from 7 March 2017, Lau Wan Po has been re-designated from a Non-Executive Director to an executive director of the Company.

(iii) With effect from 26 January 2017, Pang Chung Fai Benny has been re-designated from an independent non-executive Director to an executive director and has been appointed as Vice-chairman of the Company.

(iv) Shen Wei has resigned as the executive director of the Company with effect from 26 January 2017.

(v) Mu Binrui and Lam Allan Loc have been appointed as independent Non-Executive Directors of the Company with effect from 26 January 2017.

(vi) Shin Yick Fabian has been appointed as an independent Non-Executive Director with effect from 30 September 2016.

(vii) Wan Tak Shing has resigned as an independent Non-Executive Director with effect from 2 June 2016.

(viii) Yeung Wai Fai Andrew has been appointed as an independent Non-Executive Director with effect from 2 June 2016. He has resigned as an independent Non-Executive Director with effect from 30 September 2016.

During the year, no director waived any emoluments.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 March 2017 (2016: same).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 March 2017 (2016: same).

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

During the year ended 31 March 2017, no consideration was paid by the Company to third parties for making available directors' services (2016: same).

34 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

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

During the year ended 31 March 2017, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2016: same).

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of 31 March 2017 or at any time during the year ended 31 March 2017 (2016: same).