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)

2018
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. George Lu *(Chief Executive Officer and Chairman)*
Mr. Lau Wan Po *(Vice-chairman)*
Ms. Lau Wing Sze

NON-EXECUTIVE DIRECTOR

Mr. Pang Chung Fai Benny
(re-designated from Executive Director to Non-Executive Director and ceased to be Vice-chairman on 12 April 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Loo Hong Shing Vincent
Mr. Shin Yick Fabian
Mr. Lam Allan Loc
Mr. Mu Binrui *(resigned on 28 March 2018)*

AUTHORISED REPRESENTATIVES

Ms. Lau Wing Sze
Mr. Wong Kwok Ming

COMPANY SECRETARY

Mr. Wong Kwok Ming

AUDIT COMMITTEE

Mr. Shin Yick Fabian *(Chairman)*
Mr. Loo Hong Shing Vincent
Mr. Lam Allan Loc

REMUNERATION COMMITTEE

Mr. Loo Hong Shing Vincent *(Chairman)*
Mr. Shin Yick Fabian
Mr. Lam Allan Loc

NOMINATION COMMITTEE

Mr. Lam Allan Loc *(Chairman)*
Mr. George Lu
Mr. Loo Hong Shing Vincent

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
Bank of Communications (Hong Kong) Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) 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

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
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				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**683,410**	836,542	1,206,159	920,269	787,650
Gross profit	**55,967**	34,221	61,630	56,130	52,530
Profit before income tax	**13,172**	6,312	30,519	32,649	24,243
Profit for the year attributable to equity holders of the Company	**9,211**	5,389	23,448	25,347	16,790
Financial position					
Total assets	**607,643**	414,029	476,942	478,012	391,846
Total liabilities	**68,602**	4,204	211,463	270,730	223,671
Total equity	**539,041**	409,825	265,479	207,282	168,175

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 2018 (the "Current Year") for shareholders' review.

During the year under review, the Group was principally engaged in financial services business and computer and peripheral products business. The financial services business that the Group operates mainly includes (i) corporate finance advisory business; (ii) money lending business; and (iii) securities brokerage business.

The Group continued to keep on tight control of its operations and focused on enhancing operation efficiency and implementing various cost control measures during the year. The management continued to devote substantial efforts in improving the overall operating profit of the Group and maintaining a healthy and strong balance sheet by various possible ways, such as improving the inventory management and account receivables control and putting effort to significantly reduce the level of finance costs. 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.

The Group has maintained a steady development over the past two years. During the year ended 31 March 2018, the group successfully achieved a remarkable growth in the business segments of corporate finance advisory business and money lending business. The revenue generated from the corporate finance advisory business segment and money lending business segment significantly increased by 1,500% and 75% respectively during the year under review. These two business segments were acquired by the Group during the last financial year and made a significant contribution to the Group in the Current Year. In order to enhance long-term growth of the Group and create substantial value to the Shareholders, the Group is dedicated to continuously exploiting possibilities of new scope of businesses to further expand its business presence in the financial services business sector. On 15 February 2018, the Group completed the acquisition of the entire equity interest in Huabang Securities Limited. Huabang Securities Limited 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 and its principal activities are provision of securities brokerage services and securities margin financing to clients. Such acquisition provides 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 it can make future contribution to the Group and help the Group develop sustainably.

CHAIRMAN'S STATEMENT

Looking ahead, we are confident with the future development of the Group. We aim to continue to execute well and strive to make continuous improvements in the years to come. The Group will continue to adhere to our principle of steady development, and positively cope with any challenges and capture suitable opportunities. The Group will continue to dedicate to exploiting new business opportunities in other sectors from time to time, such as to further extend its business presence in the financial service industry 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 the 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, 21 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Business Review

The Group was principally engaged in (i) computer and peripheral products business and (ii) financial services business.

(i) *Computer and peripheral products business*

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 and the overall market competition remained intensive. Attributed to these market conditions, the Group's overall revenue in the business segment of computer and peripheral products decreased accordingly. In view of such market conditions, the Group continuously keeps 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.

(ii) *Financial services business*

The financial services business that the Group operates mainly includes (i) corporate finance advisory business; (ii) money lending business; and (iii) securities brokerage business.

Corporate finance advisory business

The Group engages in corporate finance advisory business through its wholly owned subsidiary Huabang Corporate Finance Limited ("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

During the year under review, the group successfully achieved a remarkable growth in the business segment of corporate finance advisory business. Revenue generated from IPO sponsorship services, financial advisory services, compliance advisory engagements was significantly increased compared to that of previous year. The Group recorded a total revenue from the business of corporate finance advisory business of approximately HK$22.4 million during the year (for the period from 10 February 2017 to 31 March 2017: approximately HK$1.4 million).

Money lending business

The Group engaged in money lending business through an indirect wholly-owned subsidiary of the Company, which holds a money lender licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. 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. The money lending business segment has shown a significant growth during the year under review. The Group recorded a total revenue from this business segment of approximately HK$10.7 million (2017: approximately HK$6.1 million) during the year. The Group continued to make efforts to develop the money lending business. Even though the market competition of the money lending industry in Hong Kong is increasing, the loan demand in Hong Kong remains robust during recent years and the Group believes that the money lending business will have a promising prospect.

Securities brokerage business

In order to enhance long-term growth of the Group and create substantial value to the Shareholders, the Group is dedicated to continuously exploiting possibilities of new scope of businesses to further expand its business presence in the financial services sector.

In February 2018, the Group completed the acquisition of the entire equity interest in Huabang Securities Limited. Huabang Securities Limited 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. Revenue from this new business of securities brokerage business contributed approximately HK$2.1 million since the date of completion of the acquisition up to year ended 31 March 2018.

Upon completion of the acquisition of Huabang Securities Limited, the Group further expanded and diversified its financial services business. The business of the Huabang Securities Limited is expected to achieve synergistic effect with the business of Huabang Corporate Finance, a licensed corporation carry out Type 6 regulated activities (advising on corporate finance) under the SFO. The Group will be able to offer a one-stop shop solution to its corporate clients, and undertake the roles of sponsor/financial adviser, underwriter and bookrunner to meet the client's fund-raising needs and capital market services needs. This acquisition can hence provide the Group with integrated capability to serve its corporate clients and cost-saving synergies through economies of scale.

LOOKING AHEAD

Looking ahead, the management are confident with the future development of the Group. The Group will continue to adhere to our principle of steady development, and positively cope with any challenges and capture suitable opportunities. 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 the Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Gross Profit Margin

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

(a) computer and peripheral products business;

(b) corporate finance advisory business;

(c) money lending business; and

(d) securities brokerage business;

Revenue by business segments for the Group's revenue for the year ended 31 March 2018 is as follows:

- Computer and peripheral products business: approximately HK$648.3 million, representing 94.9% of revenue

- Corporate finance advisory business: approximately HK$22.4 million, representing 3.2% of revenue

- Money lending business: approximately HK$10.7 million, representing 1.6% of revenue

- Securities brokerage business: approximately HK$2.1 million, representing 0.3% of revenue

The Group's total revenue for the year was approximately HK$683.4 million, being a decrease of approximately HK$153.1 million when compared to the previous year of approximately HK$836.5 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 corporate finance advisory business, money lending business and securities brokerage business.

Gross profit margin for the year was approximately 8.2% (2017: approximately 4.1%). Increase in gross profit margin was mainly caused by stable gross profit margin earned from computer and peripheral products business for the year and the relatively high gross profit margin contributed from the business segments of corporate finance advisory business, money lending business and securities brokerage business.

Selling Expenses

The decrease in selling expenses by approximately HK$0.5 million was mainly due to the decrease in employee benefit expenses contributed by the results of enhancement of organisational structure.

General and Administrative Expenses

General and administrative expenses for year increased by approximately HK$10.9 million from the year ended 31 March 2017, which was mainly due to the increase in legal and professional fees of approximately HK$10.0 million during the year.

Other Losses

The Group's other losses for the year was approximately HK$0.2 million, being a decrease of approximately HK$0.6 million when compared to the previous year of approximately HK$0.8 million. The decrease was mainly due to change of exchange loss to exchange gain in foreign currency translation during the year.

Finance Costs

Finance costs for the year was approximately HK$0.5 million, being a decrease of approximately HK$0.7 million when compared to the previous year of approximately HK$1.2 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$4.0 million, being an increase of approximately HK$3.1 million when compared to the previous year of approximately HK$0.9 million, which was due to the increase 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$9.2 million, being an increase of approximately HK$3.8 million when compared to the previous year of approximately HK$5.4 million, resulted in a basic earnings per share for the year of HK0.24 cent (2017: HK0.15 cent) and diluted earnings per share for the year of HK0.24 cent (2017: HK0.15 cent).

Inventories, Loan Receivables and Account Receivables

The Group has enhanced the inventory control policy to manage business risks associated with its principal activities. Inventories as at 31 March 2018 was approximately HK$1.9 million (31 March 2017: approximately HK$0.5 million). The overall inventories turnover days remained fairly stable for the year under review.

As at 31 March 2018, the Group's loan receivables amounted to HK$50.0 million, 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 current period.

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. The Group's account receivables increased by approximately HK$86.1 million, from approximately HK$88.5 million as at 31 March 2017 to approximately HK$174.6 million as at 31 March 2018.

Liquidity, Financial Resources and Treasury Policy

The Group maintained a solid financial position during the year. As at 31 March 2018, cash and cash equivalents of the Group amounted to approximately HK$200.3 million (31 March 2017: approximately HK$152.2 million), and the Group's net assets amounted to approximately HK$539.0 million (31 March 2017: approximately HK$409.8 million). As at 31 March 2018, there was HK$36.1 million outstanding bank borrowings balance (31 March 2017: nil). The Group's liquidity position was well-managed during the year.

As at 31 March 2018, the Group was at a healthy financial position as there were sufficient cash and cash equivalents which was higher than the bank borrowings (that is net cash position), with a healthy current ratio of approximately 6.7 (calculated by dividing the total current assets by total current liabilities).

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

Issuance of consideration shares

On 15 February 2018, Goldenmars Technology Investments Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Huabang Securities Limited from an independent third party pursuant to a sales and purchase agreement dated 7 March 2017 at a consideration of HK$180.15 million, to be satisfied by cash of HK$30.0 million and the allotment and issue of 231,000,000 ordinary shares of the Company. 231,000,000 ordinary shares of the Company were issued and allotted on 15 February 2018 accordingly.

As at 31 March 2018, the number of ordinary shares of the Company in issued and fully paid was 4,089,492,000.

Capital Commitments

Other than disclosed in note 33(b) to the consolidated financial statement in this report, the Group had no other capital commitments as at 31 March 2018.

Pledge of Assets

As at 31 March 2018, the Group has pledged the properties with carrying values of approximately HK$42.5 million to secure general banking facilities granted to the Group.

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.

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 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 gain of approximately HK$0.1 million (2017: exchange loss of approximately HK$0.6 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 2018 and 2017.

Employees and Emolument Policy

As at 31 March 2018, the Group had a total of 41 employees. Employee benefit expenses and share option expenses, including Directors' remuneration for the year ended 31 March 2018, amounted to approximately HK$12.5 million (2017: approximately HK$8.8 million) and approximately HK$8.8 million (2017: approximately HK$14.3 million) 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

The Board does not recommend the payment of final dividend for the year ended 31 March 2018.

Material Acquisitions

(i) On 11 January 2018, Huabang Financial Investments Limited ("Huabang Financial Investments"), an indirectly wholly-owned subsidiary of the Company, enters into a formal sales and purchase agreement with an independent third party, pursuant to which the Huabang Financial Investments has agreed to purchase a property located in Hong Kong, at a consideration of approximately HK$219.8 million, to be satisfied by cash. At 31 March 2018, total non-refundable deposits and other prepayments of approximately HK$41.1 million was paid for the acquisition of the property. The transaction was completed on 18 April 2018 in accordance with the terms and conditions of the sales and purchase agreement.

(ii) On 15 February 2018, Goldenmars Technology Investments Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Huabang Securities Limited from an independent third party pursuant to a sales and purchase agreement dated 7 March 2017 at a consideration of HK$180.15 million, to be satisfied by cash of HK$30.0 million and the allotment and issue of 231,000,000 shares of the Company. Huabang Securities Limited is a licensed corporation under the Securities and Futures Ordinance and is principally engaged in securities brokerage business in Hong Kong.

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$36.0 million. The actual use of proceeds up to 31 March 2017 had been disclosed in the Annual Report 2017 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 2018, net proceeds of HK$7.7 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 2018 HK$'000	Actual use of proceeds for the year ended 31 March 2018 HK$'000
Increase market share	2,760	793
Strengthen R&D and design capability	8,974	94
Enhance quality control and improve production capability	1,070	84
General working capital	600	600
Total:	13,404	1,571

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 55, 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 fifteen years of experience in the computer and peripheral products industry. Mr. Lu is the spouse of Ms. Shen Wei, a Controlling Shareholder 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 42, 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 17 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 Huabang 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.

Ms. LAU Wing Sze, aged 41, 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 ten 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. PANG Chung Fai Benny, aged 45, was re-designated from an independent Non-Executive Director to an Executive Director and was appointed as Vice-chairman of the Company from 26 January 2017 to 12 April 2018. Mr. Pang has been redesignated from an Executive Director to a Non-Executive Director and ceased to be the Vice-chairman of the Company with effect from 12 April 2018. He was an independent Non-Executive Director of the Company from June 2012 to January 2017. Mr. Pang is currently the managing partner of Benny Pang & Co. 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 is currently the independent non-executive director of Sanbase Corporation Limited (Stock Code: 8501), a company listed on the Growth Enterprise Market of the Stock Exchange ("GEM"). Mr. Pang is also currently the independent non-executive director of Yuanda China Holdings Limited (Stock Code: 2789), a company listed on the Main Board of the Stock Exchange. Mr. Pang was appointed as an independent non-executive director of China Regenerative Medicine International Limited (Stock Code: 8158), a company listed on GEM, from 20 September 2012 to 1 June 2018.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LOO Hong Shing Vincent, aged 52, 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 30 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. SHIN Yick Fabian, aged 49, 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 26 years of experience in investment banking and financial management. Mr. Shin is currently the chief executive officer of Well Link International Capital Limited (previously known as Zhaobangji International Capital Limited. Prior to joining Well Link 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.

Mr. LAM Allan Loc, aged 56, 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 (Hong Kong). 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. He was based in Shanghai from November 2011 to January 2014. Mr. Lam worked as the chief marketing officer of the regional corporate solutions department in the 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 business development director 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 41, 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 19 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 48, is the finance manager and a director 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 Group for the year ended 31 March 2018.

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 2018 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 13 respectively of this annual report. This discussion forms part of this directors' 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 2018 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

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2017 (for the six months ended 30 September 2016: HK$0.005 per ordinary share).

Final dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in Note 6 to the consolidated financial statements.

DONATIONS

No charitable donation was made by the Group during the year (2017: Nil).

BORROWINGS

Details of the Group's borrowings as at 31 March 2018 are set out in Note 21 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 16 to the consolidated financial statements.

Details of the shares issued in the year ended 31 March 2018 are set out in Note 16 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 36(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 2018, the Company's reserves available for distribution to equity holders, comprising the share premium, contributed surplus, employee share-based compensation reserve and net of accumulated losses, amounted to approximately HK$463.9 million.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of HK$354.5 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 80.3% and approximately 94.7% respectively of the total sales for the year. Purchases from the largest one and five largest suppliers accounted for approximately 33.1% and 94.7% 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.

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 and put efforts to implement green office practices. Detail of the Group's environmental, social and governance practices are set out in the "Environmental, Social and Governance Report" section in this annual report.

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 and Chairman)*
Mr. Lau Wan Po *(Vice-chairman)*
Ms. Lau Wing Sze

Non-Executive Director
Mr. Pang Chung Fai Benny *(re-designated from Executive Director to Non-Executive Director and ceased to be Vice-chairman on 12 April 2018)*

Independent Non-Executive Directors
Mr. Loo Hong Shing Vincent
Mr. Shin Yick Fabian
Mr. Lam Allan Loc
Mr. Mu Binrui *(resigned on 28 March 2018)*

In accordance with Articles 16.18 of the Articles of Association, Ms. Lau Wing Sze 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 and Mr. Pang Chung Fai Benny 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 14 to 17 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 37 and 24 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 2018, 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)	2,396,064,000	58.59
	Beneficial owner (Note 1)	174,133,333	4.26
	Security interest in shares	409,044,000	10.0
Mr. Lau Wan Po	Beneficial owner (Note 3)	100,000,000	2.45
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) There are 2,396,064,000 shares were registered in the name of Forever Star Capital Limited ("Forever Star"). Each of Mr. George Lu and Ms. Shen Wei, husband and wife, holds 50% interest in 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. Mr. George Lu is the beneficial owner of total 174,133,333 shares. Among these 174,133,333 shares, 28,333,333 shares 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 2018 comprising 4,089,492,000 shares.

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

As at 31 March 2018 , 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	2,396,064,000	58.59%
Ms. Shen Wei	Interest of spouse (Note 1)	174,133,333	4.26%
	Interest in controlled corporation (Note 2)	2,396,064,000	58.59%
	Person having a security interest in shares	409,044,000	10.00%
Qianhai Health Holdings Limited	Person having a security interest in shares (Note 4)	409,044,000	10.00%
China Goldjoy Securities Limited	Custodian interest (Note 3)	346,912,000	8.48%
Newpont Holdings Limited	Beneficial owner	231,000,000	5.65%

Notes:

(1) Ms. Shen Wei is the spouse of Mr. George Lu, an Executive Director and the Chairman and Chief Executive Officer of the Company, and is therefore deemed to be interested in the 145,800,000 Shares held by Mr. George Lu who is the beneficial owner and also 28,333,333 underlying Shares held by Mr. George Lu in respect of his interests in share options of the Company, by virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO.

(2) Ms. Shen Wei owns 50% of Forever Star and is therefore deemed to be interested in the 2,396,064,000 Shares held by Forever Star by virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO.

(3) According to the information available to the Company, China Goldjoy Securities Limited is a custodian of a total 346,912,000 Shares.

(4) According to the information available to the Company, Qianhai Health Holdings Limited is deemed to be interested in the 409,044,000 shares as it is a deemed as person having a security interest in shares. Qianhai Health Holdings Limited is owned as to 47.38% by Super Generation Group Ltd. which is wholly owned by Mr. George Lu.

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. 1,932,000 and 56,666,667 share options were exercised and forfeited during the year ended 31 March 2018 respectively. With reference to the poll results of the extraordinary general meeting held on 31 October 2017, a grant of 85,000,000 share options of the Company to an employee was approved by shareholders and offered to the employee on 31 October 2017. The offer was not accepted by the employee and lapsed subsequently. Accordingly, no share option was granted to the employee during the current financial year. Details accounting policies adopted for the share options are described in Note 2 and Note 17 to the consolidated financial statements.

As at 31 March 2018, options to subscribe for an aggregate of 229,401,333 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 2017	Granted during the year	Exercise during the year	Lapsed/ forfeited during the year	Outstanding as at 31 March 2018
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	–	(1,932,000)	–	16,701,333
		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	–	(1,932,000)	(56,666,667)	229,401,333

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

	2018 Average exercise price in HK$ per share option	**2018** Number of share options (thousands)	2017 Average exercise price in HK$ per share option	2017 Number of share options (thousands)
1 April 2017	**0.55**	**288,000**	–	–
Granted during the year	**–**	**–**	0.55	288,000
Forfeited during the year	**0.55**	**(56,667)**	–	–
Exercised during the year	**0.55**	**(1,932)**	–	–
31 March 2018		**229,401**		288,000

Share options outstanding as at 31 March 2018 have the following expiry dates and exercise prices:

Expiry date	**Exercise price in HK$ per share option**	**Number of share options (thousands) 2018**	**Number of share options (thousands) 2017**
20 December 2019	**0.55**	**229,401**	288,000

As at 31 March 2018, 163,666,665 share options were vested. Share-based payments of HK$118,000 (2017: HK$115,000) and HK$8,679,000 (2017: HK$14,145,000) 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 nor a connected entity of a 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, its holding company or any of its subsidiaries was a party during the year ended 31 March 2018.

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2018, 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 2018.

DEED OF NON-COMPETITION

Each of Forever Star, 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 2018. 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 2018 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.

REPORT OF THE DIRECTORS

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 2018.

CONNECTED TRANSACTIONS

Details of the related party transactions undertaken in the usual course of business are set out in Note 35 to the consolidated financial statements. As these related party transactions constitute fully exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules, none of them constitutes discloseable connected transactions as defined under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, 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.

EVENT AFTER REPORTING PERIOD

The Group completed a major transaction of acquisition of a property on 18 April 2018. Reference is made to the announcements of the Company dated 20 December 2017, 9 January 2018, 27 February 2018 and 18 April 2018, and the circular of the Company dated 15 March 2018.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 30 to 37 of this annual report.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 March 2018 and as at 31 March 2018, 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 2018.

REPORT OF THE DIRECTORS

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2018 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 2018 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

AUDITOR

During the financial year ended 31 March 2018, PricewaterhouseCoopers resigned as auditor of the Company and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. There have been no other changes of auditor in the past three years.

The consolidated financial statements for the year ended 31 March 2018 have been audited by Ernst & Young who retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution to re-appoint Ernst & Young 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, 21 June 2018

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 2018, 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 2018.

BOARD OF DIRECTORS

The Board currently comprises seven Directors, with three Executive Directors, a Non-Executive Director and three 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 and Chairman)*
Mr. Lau Wan Po *(Vice-chairman)*
Ms. Lau Wing Sze

Non-Executive Director
Mr. Pang Chung Fai Benny *(re-designated from Executive Director to Non-Executive Director and ceased to be Vice-chairman on 12 April 2018)*

Independent Non-Executive Directors
Mr. Loo Hong Shing Vincent
Mr. Shin Yick Fabian
Mr. Lam Allan Loc
Mr. Mu Binrui *(resigned on 28 March 2018)*

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 14 to 17 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 eleven Board meetings and two general meetings (including one annual general meeting and one extraordinary general meeting) for the year ended 31 March 2018.

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	2/2	11/11	N/A	N/A	2/2	N/A
Mr. Lau Wan Po	2/2	11/11	N/A	N/A	N/A	N/A
Ms. Lau Wing Sze	2/2	11/11	N/A	N/A	N/A	2/2
Mr. Pang Chung Fai Benny	2/2	11/11	N/A	N/A	N/A	N/A
Mr. Loo Hong Shing Vincent	2/2	11/11	4/4	3/3	2/2	N/A
Mr. Shin Yick Fabian	2/2	11/11	4/4	3/3	N/A	N/A
Mr. Mu Binrui (resigned on 28 March 2018)	1/2	4/10	N/A	N/A	N/A	N/A
Mr. Lam Allan Loc	2/2	11/11	4/4	3/3	2/2	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. Mu Binrui was unable to attend the extraordinary general meeting held on 31 October 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 2018 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 and Chairman)*	✓
Mr. Lau Wan Po *(Vice-chairman)*	✓
Ms. Lau Wing Sze	✓
Non-Executive Director	
Mr. Pang Chung Fai Benny *(re-designated from Executive Director to Non-Executive Director and ceased to be Vice-chairman on 12 April 2018)*	✓
Independent Non-Executive Directors	
Mr. Loo Hong Shing Vincent	✓
Mr. Shin Yick Fabian	✓
Mr. Lam Allan Loc	✓
Mr. Mu Binrui *(resigned on 28 March 2018)*	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Throughout the year ended 31 March 2018, Mr. George Lu is the Chairman and also the CEO of the Company.

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 three 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 and Mr. Lam Allan Loc.

During the Current Year, three 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, Mr. Loo Hong Shing Vincent, and an Executive Director and the Chairman of the Board, namely Mr. George Lu.

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, two 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, Mr. Loo Hong Shing Vincent and Mr. Lam Allan Loc. The Audit Committee held four 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 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 2018. 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 responsibilities of the auditor of the Company, Ernst & Young, are set out in the section headed "Auditor's responsibilities for the audit of the consolidated financial statement" in the Independent Auditor's Report on pages 44 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 2018 is sound and is effective to safeguard the interests of the shareholders' investment and the Group's assets.

AUDITOR'S REMUNERATION

The auditor, Ernst & Young, 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 2018, the fee for audit service and non-audit services provided to the Group amounted to approximately HK$1.2 million and HK$nil respectively (2017: HK$1.3 million and HK$nil, 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 2017 to 31 March 2018. 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 PROTECTION

The Group undertakes environmental protection as part of its corporate responsibilities, and it is fully aware of the importance of sustainable environmental development in promoting sustainability in its operations. The Group is committed to implementing different environmental protection measures to reduce the impacts on the environment.

EMISSIONS

The Group is principally engaged in (i) computer and peripheral products business; (ii) corporate finance advisory business; (iii) money lending business; and (iv) securities brokerage business. 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 2018.

USE OF RESOURCES

The Group highly encourages the efficient use of resources while endeavours to reduce, reuse and recycle of resources to prevent the unnecessary waste of resources and minimize the impacts on the environment and natural resources. Due to the nature of our business, the resources used by the Group are principally attributed to electricity and paper consumed at our offices and warehouse. Due to our business nature, our operation does not significantly involve direct consumption of water and packaging materials. Water consumption by the Group was mainly normal water consumption used at the Group's offices only.

ELECTRICITY

Due to the Group's business nature, our electricity consumption is normally used at our offices and warehouse and we do not involve large electric facilities for operation. In view of that, we consider electricity consumption attributed to less significant to our Group. However, the Group continues its commitment in reducing the energy consumption by reminding employees to switch off their computers before leaving office, switch off the lighting in the conference rooms and other functional rooms when they are not in use and turn the electronic equipment into energy-saving mode whenever possible. We also encourage our employees to keep the office temperature at 25°C so as to ensure the efficient use of the air-conditioning. In addition, the Group closely monitors energy consumption at its offices and warehouse and encourage its staff to make sure use of natural light. Permission is required for lighting and air-conditioning during non-business hours.

PAPER AND PRINTING MATERIALS

Paper usage by the Group's offices and warehouses is limited for daily office use as well as some printing materials such as annual/interim reports and circulars which are required to be distributed to the shareholders. To save the environment, the Group continues the efforts in reducing and recycling of paper usage, by reminding our staff to have environmentally friendly printing and photocopying habit, encouraging double-sided printing and scanning documents to the Group's server system rather photocopying whenever possible, implementing password system for colour printing and separate collection of waste paper and used envelopes for reuse and recycling. For those printing materials, we will not over-printing and will print on demand and encourage our readers make use of the company's website.

ENVIRONMENT AND NATURAL RESOURCES

The Group is committed to building an environmental-friendly corporation that pays close attention to conserving the earth's natural resources. Due to the nature of our Group's operations, environmental impact and use of natural resources is considered minimal. Nevertheless, our Group is endeavour to protect the environment and natural resources as a responsible corporate citizenship.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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) corporate finance advisory business; (iii) money lending business; and (iv) securities brokerage business. Regarding the computer and peripheral products business, the computer and peripheral products being sourced were all manufactured by famous bands in the world. The Group has adequate and suitable facilities to store the products properly and to 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. 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 2018.

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 2018.

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 2018.

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 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. During the year ended 31 March 2018, the Group encourages the staff to participate in the blood donations during office hours. 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 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

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TO THE SHAREHOLDERS OF HUABANG FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Huabang Financial Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 51 to 138, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Business combination	
Refer to note 34 to the financial statements. During the year, the Group acquired a 100% equity interest of Huabang Securities Limited (previously known as Qian Hai Securities Limited) at a consideration satisfied by (i) cash of HK$30,000,000 and (ii) 231,000,000 shares allotted and issued by Huabang Financial Holdings Limited. Huabang Securities Limited and its subsidiary ("Huabang Securities Group") principally engaged in the provision of brokerage, securities underwriting, margin financing services and placing services. Management, with the assistance of an independent valuation expert, determined the fair values of identifiable assets acquired and liabilities assumed at the acquisition date. As a result, the Group recognised intangible assets comprising goodwill and customer relationship contracts. We focused on this area because the accounting for business combination required the allocation of purchase price based on the fair value assessment of the identifiable assets acquired and liabilities assumed, which involved a number of judgements and assumptions.	We held discussions with management and the independent valuation expert to understand management's process in identifying the assets acquired and liabilities assumed as at the acquisition date. We assessed the capability, objectivity and competency of the independent valuation expert. We involved our internal specialists in assisting us in reviewing the management's valuation methodologies and assessing the key assumptions and inputs used in measuring the fair value of the net identifiable assets. We evaluated the timing and the appropriateness of the accounting treatment and consideration of the acquisition based on the contractual agreements and in accordance with the applicable financial reporting standards. We also assessed the adequacy of the related disclosures in the financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on goodwill from the acquisition of Huabang Financial Limited	
Refer to note 7 to the financial statements. The Group recognised a goodwill of HK$4.64 million from the acquisition of Huabang Financial Limited on 10 February 2017. Goodwill is subject to impairment assessments annually and when there is an indication of impairment. In carrying out the impairment assessments of goodwill arising from Huabang Financial Limited, significant judgements were required to estimate the future cash flows of the business and to determine the assumptions, including the growth rate used in the cash flow projections and the discount rate applied to bring the future cash flows back to their present values. Based on the results of the impairment assessments conducted by the Group, it is believed that there was no impairment of goodwill. This conclusion was based on recoverable amounts, being the value in use, exceeding the respective carrying amount of the business.	Our procedures to evaluate the Group's assessments of goodwill included: • Assessing the appropriateness of the valuation methodologies used; • Assessing the reasonableness of key assumptions based on our knowledge of the relevant business and industry; • Performing sensitivity analyses on the key assumptions where we flexed the growth rates and discount rates as these are the key assumptions to which the valuation models are the most sensitive; and • Testing the mathematical accuracy of the calculations of cash flow projections in the computation of recoverable amounts. We also assessed the adequacy of the related disclosures on impairment test of goodwill in the financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on accounts receivable	
Refer to notes 3.1(b) and 12 to the financial statements. As at 31 March 2018, the total carrying amount of accounts receivable was HK$174.59 million. No impairment allowances were provided during the year for accounts receivable. The assessment of impairment on accounts receivable involved significant management judgements and estimates on the amount of losses already incurred at the reporting date. The Group's methodology and assumptions used for estimating both the amount and timing of future cash flows require the review of individual outstanding amounts regularly based on individual circumstances or market conditions. Impairment allowances on individually assessed accounts were determined by an evaluation of the incurred loss at the end of the reporting period on a case-by-case basis. The assessment normally encompasses the nature and value of the collateral held and the anticipated receipts.	We obtained an understanding of the Group's methodology and assumptions used for estimating the impairment allowance on accounts receivable. We reviewed the aging analysis prepared by the Group on accounts receivable, considered the historical repayment pattern of the counterparties and checked subsequent settlement when assessing the impairment allowance made by the Group. We have also assessed the adequacy of the Group's disclosures on accounts receivable and the related credit risk.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

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 Tso Pui Sze.

Ernst & Young
Certified Public Accountants
Hong Kong
21 June 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	As at 31 March 2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**44,515**	45,894
Intangible assets	7	**60,377**	6,162
Account receivables	12	**1,000**	–
Deposits, prepayments and other receivables	12	**42,305**	30,196
Deferred tax assets	19	**3,880**	2,413
		152,077	84,665
Current assets			
Inventories	10	**1,875**	494
Loan receivables	11	**50,000**	70,400
Account receivables	12	**173,593**	88,477
Deposits, prepayments and other receivables	12	**3,775**	14,440
Financial assets at fair value through profit or loss	13	**1,808**	–
Income tax recoverable		**832**	3,364
Bank balances held on behalf of clients	14	**23,429**	–
Cash and cash equivalents	15	**200,254**	152,189
		455,566	329,364
Total assets		**607,643**	414,029

The notes on pages 58 to 138 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	As at 31 March 2018 HK$'000	2017 HK$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	16	**3,408**	3,214
Other reserves	18	**435,239**	315,428
Retained earnings		**100,394**	91,183
Total equity		**539,041**	409,825
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	19	**500**	–
		500	–
Current liabilities			
Account payables	20	**24,706**	–
Other payables and accrued expenses	20	**1,821**	3,043
Bank borrowings	21	**36,124**	–
Current income tax liabilities		**5,451**	1,161
		68,102	4,204
Total liabilities		**68,602**	4,204
Total equity and liabilities		**607,643**	414,029
Net current assets		**387,464**	325,160
Total assets less current labilities		**539,541**	409,825

These consolidated financial statements on pages 51 to 138 were approved for issue by the Board of Directors on 21 June 2018 and were signed on its behalf

George Lu
Director

Lau Wing Sze
Director

The notes on pages 58 to 138 are integral parts of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2018

	Note	Year ended 31 March **2018** **HK$'000**	2017 HK$'000
Revenue	5	**683,410**	836,542
Cost of sales	5	**(627,443)**	(802,321)
Gross profit		**55,967**	34,221
Selling expenses		**(762)**	(1,310)
General and administrative expenses		**(41,317)**	(30,457)
Other losses	25	**(239)**	(791)
Operating profit		**13,649**	1,663
Gain on disposal of equity interest in an investment accounted for using equity method	9	**–**	6,736
Share of loss of an investment accounted for using equity method	9	**–**	(842)
Finance costs	26	**(477)**	(1,245)
Profit before income tax		**13,172**	6,312
Income tax expense	27	**(3,961)**	(923)
Profit for the year attributable to equity holders of the Company		**9,211**	5,389
Earnings per share attributable to equity holders of the Company			
Basic	29	**HK0.24 cent**	HK0.15 cent
Diluted	29	**HK0.24 cent**	HK0.15 cent

The notes on pages 58 to 138 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Comprehensive income		
Profit for the year	**9,211**	5,389
Other comprehensive income		
Item that may be subsequently reclassified to profit or loss		
Currency translation differences	**420**	(230)
Total comprehensive income for the year attributable to equity holders of the Company	**9,631**	5,159

The notes on pages 58 to 138 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

		Attributable to equity holders of the Company									
			Other reserves								
	Note	Share capital	Share premium	Employee share-based compensation reserve	Merger reserve Note 18(a)	Capital reserve Note 18(b)	Statutory reserve Note 18(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 2018											
Balance at 1 April 2017		3,214	243,749	14,260	50,374	2,480	1,042	3,523	315,428	91,183	409,825
Comprehensive income											
Profit for the year		–	–	–	–	–	–	–	–	9,211	9,211
Other comprehensive income											
Currency translation differences		–	–	–	–	–	–	420	420	–	420
Total comprehensive income		–	–	–	–	–	–	420	420	9,211	9,631
Transaction with owners											
Employee share option scheme											
– value of employee services	17	–	–	9,607	–	–	–	–	9,607	–	9,607
– exercise of employee share options	17	2	1,236	(175)	–	–	–	–	1,061	–	1,063
– forfeiture of employee share options	17	–	–	(810)	–	–	–	–	(810)	–	(810)
Issue of shares for acquisition of a subsidiary	34	192	109,533	–	–	–	–	–	109,533	–	109,725
Balance at 31 March 2018		**3,408**	**354,518**	**22,882**	**50,374**	**2,480**	**1,042**	**3,943**	**435,239**	**100,394**	**539,041**

The notes on pages 58 to 138 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

		Attributable to equity holders of the Company									
			Other reserves								
	Note	Share capital	Share premium	Employee share-based compensation reserve	Merger reserve Note 18(a)	Capital reserve Note 18(b)	Statutory reserve Note 18(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	28	–	–	–	–	–	–	–	–	(19,283)	(19,283)
Issuance of shares by placing	16	275	151,525	–	–	–	–	–	151,525	–	151,800
Share issuance expenses		–	(7,590)	–	–	–	–	–	(7,590)	–	(7,590)
Employee share option scheme – value of employee services	17	–	–	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 138 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	Year ended 31 March 2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
Cash generated from operations	32(a)	**21,223**	15,686
Income tax paid		**(1,817)**	(7,435)
Income tax refunded		**3,188**	–
Net cash flows from operating activities		**22,594**	8,251
Cash flows from investing activities			
Interest received		**204**	12
Purchase of property, plant and equipment	6	**(84)**	(216)
Purchase of intangible asset	7	**–**	(1,703)
Proceeds from disposal of property, plant and equipment	32(b)	**63**	792
Change in deposits, prepayments and other receivables	12	**(11,904)**	(30,000)
Partial proceeds received from disposal of an investment accounted for using equity method	32(c)	**–**	1,359
Acquisition of a business, net of cash acquired	34	**3**	7,104
Net cash flows used in investing activities		**(11,718)**	(22,652)
Cash flows from financing activities			
Interest paid		**(438)**	(1,245)
Drawdown of bank borrowings		**109,276**	122,124
Repayment of bank borrowings		**(73,151)**	(284,622)
Proceeds from issuance of ordinary shares		**–**	151,800
Payment of listing and share issuance expenses		**–**	(7,590)
Interim dividend paid		**–**	(19,283)
Proceeds from exercise of share options		**1,063**	–
Bank facility costs paid		**(40)**	–
Net cash flows from/(used in) financing activities		**36,710**	(38,816)
Net increase/(decrease) in cash and cash equivalents		**47,586**	(53,217)
Cash and cash equivalents at beginning of year		**152,189**	205,655
Effect of foreign exchange rate changes, net		**479**	(249)
Cash and cash equivalents at end of year	15	**200,254**	152,189

The notes on pages 58 to 138 are integral part 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. The Group is principally engaged in (i) computer and peripheral products business, (ii) corporate finance advisory business, (iii) money lending business, and (iv) securities brokerage business (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").

These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousands, unless otherwise stated.

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, except for financial assets at fair value through profit or loss which have been measured at fair value. 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.

2.1 BASIS OF PREPARATION *(Continued)*

(a) Amendments to standards and annual improvements which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2017:

The following amendments to standards and annual improvements are mandatory for the first time for the financial year beginning 1 April 2017:

- Amendments to HKAS 7, "Disclosure Initiative"

- Amendments to HKAS 12, "Recognition of Deferred Tax Assets for Unrealised Losses"

- Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle, "Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12"

The Group has adopted these standards other than as explained below regarding the impact of Amendments to HKAS 7, "Disclosure Initiative", the adoption of the remaining standards did not have a significant impact on the Group's results and financial position.

Amendments to HKAS 7 require an entity 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. Disclosure of the changes in liabilities arising from financing activities is provided in Note 32(d) to the financial statements.

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 2017 that are expected to have a material impact on the Group.

(b) New standards, amendments to standards, interpretations 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 to standards, interpretations and annual improvements are relevant to the Group, but are not yet effective for the accounting year ended 31 March 2018 and have not been early adopted:

	Effective for annual periods beginning on or after
HKFRS 9, "Financial Instruments"	1 January 2018
Amendments to HKFRS 9, "Prepayment Features with Negative Compensation"	1 January 2019
HKFRS 15, "Revenue from Contracts with Customers"	1 January 2018
Amendments to HKFRS 15, "Clarifications to HKFRS 15 Revenue from Contracts with Customers"	1 January 2018
HKFRS 16, "Leases"	1 January 2019
Amendments to HKFRS 10 and HKAS 28 (2011), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	No mandatory effective date yet determined
HK(IFRIC)-Int 22, "Foreign Currency Transactions and Advance Consideration"	1 January 2018
HK(IFRIC)-Int 23, "Uncertainty over Income Tax Treatments"	1 January 2019
Annual Improvements – 2014-2016 Cycle, "Amendments to HKFRS 1 and HKAS 28"	1 January 2018
Annual Improvements – 2015-2017 Cycle, "Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23"	1 January 2019

2.1 BASIS OF PREPARATION *(Continued)*

(b) New standards, amendments to standards, interpretations 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"

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.

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. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. In the case of account receivables, this day-1 loss will be equal to their lifetime 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.

2.1 BASIS OF PREPARATION *(Continued)*

(b) New standards, amendments to standards, interpretations 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)*

The Group has performed an assessment of the impact of the adoption of HKFRS 9, and the expected impacts to the classification and measurement and the impairment requirements are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial instruments. It expects to continue measuring at fair value all financial assets currently held at fair value.

(b) Impairment of financial assets

Based on the assessment by the Group, the adoption of the ECL model mentioned above in respect of financial assets will slightly decrease the net assets of the Group as at 1 April 2018 by less than 1% of the amount as at 31 March 2018.

Amendments to HKFRS 9, "Prepayment Features with Negative Compensation"

Amendments to HKFRS 9, issued in December 2017, allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of the contract to be measured at amortised cost or at fair value through other comprehensive income. The amendments clarify that a financial asset passes the "solely payments of principal and interest on the principal amount outstanding" criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The Group expects to adopt these amendments from 1 April 2019 and to apply the exemption from restating comparative information of prior periods. Any difference between the previous carrying amount and the adjusted carrying amount will be recognised in the opening balance of equity. The amendments do not apply to the Group as the Group does not have any debt instruments with prepayment features along with compensation for early termination. In addition, as clarified in the amendments to the basis for conclusions on HKFRS 9, the gain or loss arising on modification of a financial liability that does not result in derecognition (calculated by discounting the change in contractual cash flows at the original effective rate) is immediately recognised in profit or loss. As there is no specific relief on this clarification, this requirement shall be applied retrospectively. The Group's current accounting policy is consistent with this clarification and therefore the adoption of the amendments is not expected to have any impact on the Group.

2.1 BASIS OF PREPARATION *(Continued)*

(b) New standards, amendments to standards, interpretations 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" and Amendments to HKFRS 15, "Clarifications to 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.

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.

In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard.

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.

The Group has performed a high level assessment on the impact of the adoption of HKFRS 15 and expects that the standard will not have significant impact, when applied, on the financial statements of the Group. The Group will continuously assess the impact of the adoption of HKFRS 15 based on further detailed analyses or additional supportable information being made available to the Group in the future.

2.1 BASIS OF PREPARATION *(Continued)*

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

HKFRS 16 "Leases"

HKFRS 16, issued in May 2016, replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases - Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group expects to adopt HKFRS 16 from 1 April 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in Note 33(a) to the financial statements, at 31 March 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$4,669,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

2.1 BASIS OF PREPARATION *(Continued)*

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

Amendments to HKFRS 10 and HKAS 28 (2011), "Sale of Contribution of Assets between an Investor and its Associate or Joint Venture"

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

HK(IFRIC)-Int 22, "Foreign Currency Transactions and Advance Consideration"

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 April 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 23, "Uncertainty over Income Tax Treatments"

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 April 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2.1 BASIS OF PREPARATION *(Continued)*

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

Amendments under Annual Improvements to HKFRSs

Improvements to HKFRSs contains numerous amendments to HKFRSs which the HKICPA considers not urgent but necessary. It comprises amendments that result in accounting changes for presentation, recognition or measurement purpose as well as terminology or editorial amendments related to a variety of individual HKFRSs. These improvements do not have a material impact on the Group's financial statements.

2.2 SUBSIDIARY

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.

2.2 SUBSIDIARY *(Continued)*

2.2.1 Consolidation *(Continued)*

(a) *Business combinations (Continued)*

Acquisition-related costs are expensed as incurred.

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.

2.3 ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated income statement and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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.

2.5 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.

2.5 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	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.

2.7 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 is 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.

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.

2.9 FINANCIAL ASSETS

2.9.1 Classification

The Group classifies its financial assets as loans and receivables and financial assets at fair value through profit or loss. 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 loan receivables, account receivables, financial assets included in deposits, prepayments and other receivables, bank balances held on behalf of clients and cash and cash equivalents in the consolidated statement of financial position.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

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.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other gains and negative net changes in fair value presented as other losses in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets.

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 Group or the counterparty.

2.9 FINANCIAL ASSETS *(Continued)*

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.

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.

2.10 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 LOAN RECEIVABLES, ACCOUNT RECEIVABLES AND OTHER RECEIVABLES

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

Account receivables are amounts due from 1) customers for merchandises sold or services performed or 2) clients and clearing house for securities brokerage services in the ordinary course of business. If collection of amount 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.

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

Loan receivables, account receivables 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 and bank deposits with original maturities of less than three months.

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 ACCOUNT PAYABLES AND OTHER PAYABLES

Account payables are obligations to 1) pay for goods that have been acquired from suppliers and 2) pay to clients and clearing house for securities brokerage services in the ordinary course of business. Account 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.

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

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.

2.17 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 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.

2.18 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 and securities brokerage 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.

(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.

(d) Commission income

Commission income from securities brokerage business is recognised on the transaction dates when the relevant contract notes are exchanged.

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.

(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 holdings shares for a specific 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 earnings".

(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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

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 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 financial statements and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.25 RELATED PARTIES

A party is considered to be related to the Group if:

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

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

(ii) has significant influence over the Group; or

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

or

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

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

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

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

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

2.25 RELATED PARTIES *(Continued)*

(b) the party is an entity where any of the following conditions applies: *(Continued)*

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

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

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

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

2.26 BANK BALANCES HELD ON BEHALF OF CLIENT

A subsidiary of the Company maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The subsidiary has classified the clients' monies as client trust bank balances under the current assets in the consolidated statement of financial position as the subsidiary is allowed to retain some or all of the interest income on the clients' monies and recognised corresponding account payables to the respective customers in the current liabilities clients on grounds that it is liable for any loss or misappropriation of clients' monies. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the subsidiary is not allowed to use the clients' monies to settle its own obligation.

2.27 FAIR VALUE MEASUREMENT

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.27 FAIR VALUE MEASUREMENT *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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, price risk and cash flow interest rate 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 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 2018, if Hong Kong dollar had weakened/strengthened by 5% (2017: 5%) against RMB with all other variables held constant, pre-tax profit for the year would have been HK$205 lower/higher (2017: HK$1,000 lower/higher), primarily due to exchange loss/gain (2017: loss/gain) arising from revaluation of net RMB denominated monetary liabilities (2017: 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.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to equity securities price risk from equity instruments held by the Group which is classified in the statement of finance position as financial assets at fair value through profit or loss. Price risk is the risk of changes in fair value of financial instruments from fluctuations, whether such a change in price is caused by factors specific to the individual instrument or factors affecting all instruments traded in the markets. The Group mitigates its price risk by performing detailed due diligence analysis of investments and dedicated professionals are assigned to oversee and monitor the performance of investments

At 31 March 2018, if the equity price of financial assets at fair value through profit or loss had been 5% higher/lower, with all other variables held constant, the Group's profit after tax for the year ended 31 March 2018 would have increased/decreased approximately by HK$90,000.

(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 (2017: 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 HK$361,000 (2017: nil) lower/higher.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

Credit risk is managed at group level. Credit risk primarily arises from account, 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 account receivables from its customers of the trading business. The Group's five largest customers of the trading business in aggregate accounted for all (2017: all) of the Group's total gross account receivables of the trading business at 31 March 2018. 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.

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 last 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 2018, none of the loan and interest receivables (2017: nil) were past due.

Interest income from the top five borrowers constituted approximately 1.0% (2017: 0.5%) of the Group's revenue for the year ended 31 March 2018. They accounted for approximately 51% (2017: 53%) of the gross loan receivables balances as at 31 March 2018.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

The Group has concentrations of credit risk from account receivables from its customers of the securities business. The Group's five largest customers (excluding clearing house) of the securities business in aggregate accounted for 92% (2017: nil) of the Group's total gross account receivables (excluding clearing house) of the securities business at 31 March 2018. The Group maintains frequent communications with these customers and reviews the recoverable amount for each individual account receivable of the securities business at each reporting date to ensure that adequate allowance for impairment is made for irrecoverable amounts.

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.

	On demand HK$'000	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Over 2 years HK$'000	Total HK$'000
As at 31 March 2018					
Account and other payables (excluding non-financial liabilities)	24,543	1,984	–	–	26,527
Bank borrowings	42,051	–	–	–	42,051
	66,594	1,984	–	–	68,578
As at 31 March 2017					
Account and other payables (excluding non-financial liabilities)	–	2,030	–	–	2,030
	–	2,030	–	–	2,030

3 FINANCIAL RISK MANAGEMENT *(Continued)*

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.

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 2018 and 2017 were as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Bank borrowings (Note 21)	**36,124**	–
Less: Cash and cash equivalents (Note 15)	**(200,254)**	(152,189)
Net debt	**(164,130)**	(152,189)
Total equity	**539,041**	409,825
Total capital	**374,911**	257,636
Gearing ratio	**N/A**	N/A

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value and fair value hierarchy of financial instruments

(a) *Financial instruments measured at fair value*

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

	Fair value measurements using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2018				
Financial assets at fair value through profit or loss	1,808	–	–	1,808

The Group did not have any financial instruments measured at fair value as at 31 March 2017.

During the year, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2017: nil)

(b) *Financial instruments not measured at fair value*

The carrying amounts of the Group's other financial instruments including cash and cash equivalents, bank balances held on behalf of clients, loan receivables, account receivables, financial assets included in deposits, prepayments and other receivables, account payables, bank borrowings and financial liabilities included in other payables and accrued expenses 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.

(b) Estimated provision for doubtful debts

The Group makes provision for doubtful debts based on assessment of the recoverability of loan receivables, account receivables and other receivables. Provisions are applied to loan receivables, account receivables 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.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(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.

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.

(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.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(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(a). The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations required the use of estimates (Note 7).

(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 four operating and reporting segments which are (i) computer and peripheral products business, (ii) corporate finance advisory business, (iii) money lending business, and (iv) securities brokerage business.

The 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 CODM.

Segment assets consist primarily of intangible assets, inventories, account receivables, loan receivables, interest receivables, deposits, prepayments and other receivables, financial assets at fair value through profit or loss, bank balances held on behalf of clients 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 account payables and bank borrowings. They exclude deferred tax liabilities, current income tax and other unallocated liabilities, which are managed centrally.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

	For the year ended 31 March 2018				
	Computer and peripheral products business HK$'000	Corporate finance advisory business HK$'000	Money lending business HK$'000	Securities brokerage business HK$'000	Total HK$'000
Revenue from external customers	648,258	22,395	10,694	2,063	683,410
Cost of sales from external customers	(627,193)	(250)	–	–	(627,443)
	21,065	22,145	10,694	2,063	55,967
Selling expenses	(644)	–	–	–	(644)
General and administrative expenses	(8,105)	(5,678)	(421)	(1,223)	(15,427)
Other gains/(losses), net	517	3	–	(578)	(58)
Finance costs	(477)	–	–	–	(477)
Adjusted operating profit	12,356	16,470	10,273	262	39,361
Unallocated expenses					(26,189)
Profit before income tax					13,172
Income tax expense					(3,961)
Profit for the year					9,211

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

	For the year ended 31 March 2017			
	Computer and peripheral products business HK$'000	Corporate finance advisory business HK$'000	Money lending business HK$'000	Total HK$'000
Revenue from external customers	829,016	1,400	6,126	836,542
Cost of sales from external customers	(802,321)	–	–	(802,321)
	26,695	1,400	6,126	34,221
Selling expenses	(1,195)	–	–	(1,195)
General and administrative expenses	(8,630)	(279)	(245)	(9,154)
Other losses	(902)	–	–	(902)
Finance costs	(1,024)	–	–	(1,024)
Adjusted operating profit	14,944	1,121	5,881	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
Income tax expense				(923)
Profit for the year				5,389

Interest revenue of HK$11,587,000 (2017: HK$6,126,000) was included in revenue from external customer, contributed by money lending business segment of HK$10,694,000 (2017: HK$6,126,000) and securities brokerage business segment of HK$893,000 (2017: nil), respectively.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The following table presents segment assets and segment liabilities.

As at 31 March 2018

	Computer and peripheral products business HK$'000	Corporate finance advisory business HK$'000	Money lending business HK$'000	Securities brokerage business HK$'000	Total HK$'000
Segment assets	241,108	42,051	69,094	165,477	517,730
Segment liabilities	37,583	47	–	24,968	62,598
Capital expenditure	43	41	–	–	84

As at 31 March 2017

	Computer and peripheral products business HK$'000	Corporate finance advisory business HK$'000	Money lending business HK$'000	Securities brokerage business HK$'000	Total HK$'000
Segment assets	219,645	25,527	76,613	–	321,785
Segment liabilities	2,873	94	6	–	2,973
Capital expenditure	216	–	–	–	216

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Segment assets	**517,730**	321,785
Cash and cash equivalents	**476**	1,050
Property, plant and equipment	**43,027**	44,666
Deposits, prepayments and other receivables	**41,698**	40,751
Deferred tax assets	**3,880**	2,413
Income tax recoverable	**832**	3,364
Total assets	**607,643**	414,029
Segment liabilities	**62,598**	2,973
Deferred tax liabilities	**500**	–
Current income tax liabilities	**5,451**	1,161
Other unallocated liabilities	**53**	70
Total liabilities	**68,602**	4,204

Majority of the Group's revenue were derived from Hong Kong.

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

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Revenue from top five customers	**646,852**	794,982
Total revenue	**683,410**	836,542
Percentage	**95%**	95%
Number of customers that individually accounted for more than 10% of the Group's revenue	**2**	2

For the year ended 31 March 2018, there were two customers that individually accounted for approximately 80% and 11% (2017: two customers – 77% and 11%) of the Group's revenue respectively. These customers belong to the Group's trading business.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	As at 31 March 2018 HK$'000	2017 HK$'000
Hong Kong	**145,904**	51,903
The PRC	**128**	153
	146,032	52,056

6 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
31 March 2018							
Opening net book amount	43,882	315	72	74	187	1,364	45,894
Additions	–	–	–	74	10	–	84
Disposals	–	–	–	–	–	(8)	(8)
Depreciation (Note 22)	(1,404)	(86)	(15)	(27)	(52)	(566)	(2,150)
Acquisition of a subsidiary (Note 34)	–	–	–	79	251	350	680
Exchange realignment	–	–	7	–	–	8	15
Closing net book amount	42,478	229	64	200	396	1,148	44,515
At 31 March 2018							
Cost	52,306	2,055	393	455	609	3,891	59,709
Accumulated depreciation	(9,828)	(1,826)	(329)	(255)	(213)	(2,743)	(15,194)
Net book amount	42,478	229	64	200	396	1,148	44,515
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 22)	(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

6 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
In Hong Kong, held on:		
Leases of between 10 and 50 years	**42,478**	43,882

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

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Cost of sales	**–**	51
General and administrative expenses	**2,150**	2,277
	2,150	2,328

At 31 March 2018, the Group's leasehold property with a net carrying amount of approximately HK$42,478,000 (2017: 43,882,000) was pledged to secure general banking facilities granted to the Group (Note 21).

7 INTANGIBLE ASSETS

	Goodwill	Money lending license	Customer relationship contract	Total
	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2018				
Opening net book amount	4,641	1,476	45	6,162
Acquisition of a subsidiary (Note 34)	52,013	–	2,700	54,713
Amortisation (Note 22)	–	(341)	(157)	(498)
Closing net book amount	56,654	1,135	2,588	60,377
At 31 March 2018				
Cost	56,654	1,703	2,756	61,113
Accumulated amortisation and impairment	–	(568)	(168)	(736)
Net book amount	56,654	1,135	2,588	60,377
31 March 2017				
Opening net book amount	–	–	–	–
Additions	–	1,703	–	1,703
Acquisition of a subsidiary (Note 34)	4,641	–	56	4,697
Amortisation (Note 22)	–	(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

7 INTANGIBLE ASSETS *(Continued)*

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.

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 lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of the customer relationship. The useful life of customer relationship recognised during acquisition of Huabang Securities Limited ("Huabang Securities") was three years. The useful life of customer relationship recognised during acquisition of Huabang Corporate Finance Limited ("Huabang Corporate Finance") was ten months.

Amortisation charge of HK$498,000 (2017: HK$238,000) was included in general and administrative expenses in the consolidated income statement.

Impairment tests for goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units ("CGUs") for impairment testing:

- Corporate finance cash-generating unit; and

- Securities brokerage cash-generating unit.

Corporate finance cash-generating unit

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 in Huabang Financial Limited ("Huabang Financial"). Huabang Financial is an investment holding company. Its wholly-owned subsidiary, Huabang Corporate Finance, is principally engaged in the corporate finance advisory business in Hong Kong (the "Corporate Finance CGU").

7 INTANGIBLE ASSETS *(Continued)*

Impairment tests for goodwill *(Continued)*

Securities brokerage cash-generating unit

The Group recognised goodwill of HK$52,013,000 during the year ended 31 March 2018 as a result of acquisition of the equity interest in Huabang Securities. Huabang Securities is principally engaged in the securities brokerage business in Hong Kong (the "Securities Brokerage CGU").

The recoverable amounts of the CGUs are 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 CGUs operate.

For the significant amount of goodwill arisen from the CGUs, the key assumptions used for value-in-use calculations are as follows:

	As at 31 March	
	2018	2017
Corporate finance CGU		
Revenue growth rate	**3.0%**	3.0%
Terminal growth rate	**3.0%**	3.0%
Discount rate (pre-tax)	**20.6%**	20.9%

	As at 31 March	
	2018	2017
Securities brokerage CGU		
Revenue growth rate	**1.7%-30.8%**	N/A
Terminal growth rate	**3.0%**	N/A
Discount rate (pre-tax)	**17.5%**	N/A

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 rates reflect specific risks relating to the relevant operating segments. As at 31 March 2018, the estimated recoverable amounts of the CGUs exceeded their carrying values and the directors are of the opinion that there was no impairment of goodwill as at 31 March 2018 (31 March 2017: nil).

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 2018	Interest held 2017
Directly owned:					
Golden Profit Global Trading Limited	British Virgin Islands ("BVI"), 16 November 2010	Investment holding	US$10,000	100%	100%
Indirectly owned:					
Top Harvest Capital Limited	BVI, 4 January 2011	Property holding	US$100	100%	100%
Goldenmars Technology (Hong Kong) Limited	Hong Kong, 26 April 2005	Assembling and trading of electronic components and products	HK$43,000,000	100%	100%
Huabang Finance Limited	Hong Kong, 27 August 2015	Money lending business	HK$10,000	100%	100%
Huabang Financial Investments Limited	BVI, 26 May 2017	Property holding	US$100	100%	–
Huabang Corporate Finance Limited	Hong Kong, 27 August 2015	Corporate finance advisory business	HK$15,000,000	100%	100%
Huabang Securities Limited*	Hong Kong, 4 July 1996	Securities brokerage business	HK$97,500,000	100%	–

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

* The date of the end of the reporting period of the financial statements of Huabang Securities, which was acquired on 15 February 2018 by the Group, is 31 December.

9 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	As at 31 March	
	2018	2017
	(Note a)	(Note b)
	HK$'000	HK$'000
At beginning of the year	**–**	17,055
Share of loss for the period	**–**	(842)
Disposal of equity interest in an investment accounted for using equity method	**–**	(15,662)
Exchange realignment	**–**	(551)
At end of the year	**–**	–

Note:

(a) On 11 May 2017, the Group has acquired 50% of equity interest in Huabang Qianhai Limited ("Huabang Qianhai") at cash consideration of US$50 (approximately HK$390). Huabang Qianhai (incorporated in BVI) and its wholly owned subsidiary, Huabang Qianhai Property Limited (incorporated in Hong Kong), are both inactive companies. During the year ended 31 March 2018, the Group has recorded a share of loss of investment accounted for using equity method of HK$390 in the consolidated income statement.

(b) 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.

Particulars of the Group's joint venture are as follows:

			Percentage of			
Name	**Particulars of issued registered/ paid up capital**	**Place of incorporation**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activities**
Huabang Qianhai Limited	US$100	BVI	50%	50%	50%	Inactive

10 INVENTORIES

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Finished goods	**2,266**	885
Less: provision for impairment of inventories	**(391)**	(391)
Inventories, net	**1,875**	494

The cost of inventories recognised as expenses and included in cost of sales amounted to HK$627,193,000 (2017: HK$801,930,000), which did not include any impairment of inventories (2017: Reversal of impairment of inventories of HK$1,386,000).

Movements in provision for impairment of inventories are as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Beginning of the year	**391**	4,153
Write-off of inventory	**–**	(2,376)
Reversal of impairment of inventories	**–**	(1,386)
End of the year	**391**	391

The reversal of allowance for the year ended 31 March 2017 was resulted from the subsequent sale of the relevant inventories.

11 LOAN RECEIVABLES

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 years ended 31 March 2018 and 2017.

11 LOAN RECEIVABLES *(Continued)*

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

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Current – within one year	**50,000**	70,400

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Non-current		
Account receivables (Note h)	**1,000**	–
Prepayments for acquisition of a subsidiary (Note a)	**–**	30,000
Non-current deposits and prepayments for acquisition of a property (Note b)	**41,140**	–
Other non-current deposits	**960**	196
Other assets (Note c)	**205**	–
	43,305	30,196
Current		
Account receivables (Note h)	**111,662**	88,660
Provision for impairment of account receivables (Note i)	**–**	(183)
Cash client receivables (Note d)	**61,910**	–
Due from clearing house (Note e)	**21**	–
	173,593	88,477
Prepayments	**582**	589
Due from related parties (Note 35(b))	**25**	–
Other receivables (Note f)	**227**	10,395
Interest receivables (Note g)	**2,941**	3,456
	3,775	14,440
Total account receivables, deposits, prepayments and other receivables	**220,673**	133,113

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(Continued)

As at 31 March 2018 and 2017, the maximum exposures of the Group to credit risk were the carrying value of account receivables mentioned above.

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

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
HK$	**112,803**	34,191
RMB	**92**	10,371
US$	**107,778**	88,551
	220,673	133,113

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

Other than those disclosed in note (d) below, the Group does not hold any collateral as security for account receivables, deposits and other receivables.

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

Note:

(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 Goldenmars Technology Investments agreed to acquire 100% equity interest in Huabang Securities, 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. As at 31 March 2017, a refundable prepayment of HK$30,000,000 was paid to the vendor. Huabang Securities is a licensed corporation under the Securities and Futures Ordinance, and is principally engaged in securities brokerage business. The transaction is completed on 15 February 2018 upon fulfillment of the completion conditions, including obtaining approval from the regulators.

(b) On 11 January 2018, Huabang Financial Investments Limited ("Huabang Financial Investments"), an indirectly wholly-owned subsidiary of the Company, entered into a formal sales and purchase agreement with an independent third party, pursuant to which Huabang Financial Investments has agreed to purchase a property located in Hong Kong, at a consideration of HK$219,765,000, to be satisfied by cash. At 31 March 2018, non-refundable deposits and other prepayments totalling HK$41,140,000 was paid for the acquisition of the property.

The transaction was completed on 18 April 2018 in accordance with the terms and conditions of the sales and purchase agreement. Further details are set out in Note 38 to the financial statements.

(c) An analysis of other assets is as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Hong Kong Securities Clearing Company Limited ("HKSCC")		
– guarantee fund deposit	**50**	–
– admission fee	**50**	–
The Stock Exchange of Hong Kong Limited		
– compensation fund deposit	**50**	–
– fidelity fund deposit	**50**	–
– stamp duty deposit	**5**	–
	205	–

These assets are held by Huabang Securities, which was acquired by the Group on 15 February 2018.

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

Note: *(Continued)*

(d) At 31 March 2018, the Group held securities with an aggregate fair value of HK$281,175,000 as collaterals over the receivables. Management has assessed the market value of the pledged securities of each individual client at the end of each reporting period. The collateral held can be sold at the Group's discretion to settle any outstanding amount owned by the cash client.

The cash client receivables are interest-bearing and have no fixed repayment terms.

(e) The settlement terms of receivables arising from the ordinary course of business of dealing in securities from clearing house are within two days after trade date. Clearing house receivables are neither past due nor impaired and represent unsettled trades transacted on the last two days prior to the end of each financial year and solely related to the HKSCC for which there is limited risk of default.

In presenting the amounts due from HKSCC, the Group has offset the gross amount of the account receivables from and the gross amount of the account payable to HKSCC. Further details are set out in Note 31 to the financial statements.

No aging analysis is disclosed for account receivables from clearing house as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

These assets are held by Huabang Securities, which was acquired by the Group on 15 February 2018.

(f) Included in other receivables at 31 March 2017 was the proceeds receivable from the disposal of the Group's investment accounted for using equity method amounting to HK$10,288,000 (Note 9(b)). Such balance was unsecured, non-interest-bearing and fully settled on 12 June 2017.

No aging analysis is disclosed for other receivables as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

12 ACCOUNT RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES
(Continued)

Note: *(Continued)*

(g) 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.

(h) The Group grants credit period ranging from 1 day to 60 days (2017: from 1 day to 60 days) to the customers of trading business and corporate finance business. The aging analysis of relevant account receivables (mostly denominated in US$) at the date of statement of financial position based on invoice date is as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
1 – 30 days*	**78,819**	62,870
31 – 60 days	**33,697**	25,601
61 – 90 days	**–**	–
Over 90 days	**146**	189
	112,662	88,660
Less: provision for impairment	**–**	(183)
	112,662	88,477

* Including unbilled revenue of HK$4,739,000 (2017: nil)

Included in the above account receivables are receivables of HK$193,000 (2017: HK$95,000) that 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 account receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Neither past due nor impaired	**112,469**	88,382
1 – 30 days past due	**47**	89
31 – 60 days past due	**–**	–
61 – 90 days past due	**76**	–
Over 90 days past due	**70**	6
	112,662	88,477

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

Note: *(Continued)*

(h) *(Continued)*

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

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Over 90 days	**–**	183

(i) Movements in the provision for impairment of account receivables are as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
At beginning of the year	**183**	183
Write-off of account receivables	**(183)**	–
At end of the year	**–**	183

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Investments designated at fair value through profit or loss:		
Listed equity securities – Hong Kong	**1,808**	–
	1,808	–

These financial assets are held by Huabang Securities, which was acquired by the Group on 15 February 2018.

14 BANK BALANCES HELD ON BEHALF OF CLIENTS

The Group maintains segregated trust accounts with licensed banks to hold clients' monies in accordance with the relevant legislation. The Group has classified the clients' monies as bank balances held on behalf of clients in current assets of the statement of financial position and recognised the corresponding account payables to respective clients in current liabilities of the statement of financial position. The Group is allowed to retain interest on the clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Cash on hand		
RMB	**–**	20
HK$	**49**	15
	49	35
Cash at banks		
HK$	**131,629**	79,425
RMB	**30**	225
New Taiwan Dollar ("TWD")	**26**	25
US$	**68,520**	72,479
	200,205	152,154
	200,254	152,189

15 CASH AND CASH EQUIVALENTS *(Continued)*

The effective interest rate on cash at bank was 0.1% (2017: 0.01%) 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 are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 March 2018, the Group's cash at banks of approximately HK$14,000 (2017: HK$225,000) was deposited at banks in the PRC.

16 SHARE CAPITAL

Authorised shares:

As at 31 March 2018, the total authorised number of ordinary shares is 96,000 million shares (2017: 96,000 million shares) with a par value of HK$0.0008333 per share (2017: HK$0.0008333 per share). On 6 May 2016, the Company effected a subdivision of shares whereby each ordinary share 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 2016	293,880	2,939
Share subdivision	3,232,680	–
Issuance of shares by placing (Note a)	330,000	275
As at 31 March 2017	3,856,560	3,214
As at 31 March 2017	3,856,560	3,214
Share options exercised	1,932	2
Issuance of consideration shares for acquisition of a subsidiary (Note b)	231,000	192
As at 31 March 2018	4,089,492	3,408

Note:

(a) 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.

(b) Goldenmars Technology Investments entered into a sales and purchase agreement with an independent third party, pursuant to which Goldenmars Technology Investments agreed to acquire 100% equity interest in Huabang Securities, 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.

17 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 ("ESO1") have been approved and granted to the employees and some directors on the same date. The remaining 85,000,000 ("ESO2") 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 ESO1 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 the 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 are 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 ESO2 granted on 24 February 2017, details of the validity period and vesting period of share options are as follows:

(i) 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;

(ii) One-third of the share options is exercisable from 21 December 2017 to 20 December 2019 ("Tranche 2.2"). These share options are 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 2.3"). These share options will be vested as at 21 December 2018.

During the year ended 31 March 2018, the numbers of share options exercised and forfeited are 1,932,000 and 56,666,667 respectively. All share options exercised are in respect of Tranche 1.1 and all share options forfeited are in respect of Tranche 2.2 and Tranche 2.3.

17 SHARE-BASED PAYMENTS *(Continued)*

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

	2018		2017	
	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 2017	**0.55**	**288,000**	–	–
Granted during the year	**–**	**–**	0.55	288,000
Forfeited during the year	**0.55**	**(56,667)**	–	–
Exercised during the year	**0.55**	**(1,932)**	–	–
31 March 2018		**229,401**		288,000

Share options outstanding as at 31 March 2018 have the following expiry dates and exercise prices:

Expiry date	**Exercise price in HK$ per share option**	**Number of share options (thousands) 2018**	**2017**
20 December 2019	**0.55**	**229,401**	288,000

The weighted average share price at the date of exercise for share options during the year was HK$1.23 per share (2017: No share options were exercised).

As at 31 March 2018, 163,666,665 share options were vested.

The fair value of each option granted during last 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%, 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.

17 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%, 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$118,000 (2017: HK$115,000) and HK$8,679,000 (2017: HK$14,145,000) were included in selling expenses and general and administrative expenses in the consolidated income statement respectively.

18 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.

19 DEFERRED INCOME TAX

Movements of deferred tax assets:

	Share-based payment		Decelerated tax depreciation		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At beginning of the year	**2,353**	–	**60**	28	**2,413**	28
Credited to consolidated income statement	**1,423**	2,353	**44**	32	**1,467**	2,385
At end of the year	**3,776**	2,353	**104**	60	**3,880**	2,413

Movements of deferred tax liabilities:

	Accelerated tax depreciation		Fair value adjustments arising from subsidiaries		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At beginning of the year	**–**	–	**–**	–	**–**	–
Acquisition of a subsidiary (Note 34)	**35**	–	**487**	–	**522**	–
Credited to consolidated income statement	**(2)**	–	**(20)**	–	**(22)**	–
At end of the year	**33**	–	**467**	–	**500**	–

As at 31 March 2018, the Group has unrecognised tax losses of HK$5,218,000 (2017: HK$348,000) in Hong Kong, which have no expiry dates, and HK$17,240,000 (2017: HK$21,397,000) in the PRC which will expire during financial year 2019 to year 2023. 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.

19 DEFERRED INCOME TAX *(Continued)*

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

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Deferred tax assets	**3,880**	2,413
Deferred tax liabilities	**(500)**	–
Deferred tax assets, net	**3,380**	2,413

The movement on the deferred income tax is as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
At beginning of the year	**2,413**	28
Addition arising from acquisition of a subsidiary (Note 34)	**(522)**	–
Credited to consolidated income statement (Note 27)	**1,489**	2,385
At end of the year	**3,380**	2,413

20 ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Cash client payables (Note a)	**24,543**	–
Due to clearing house (Note b)	**163**	–
Total account payables	**24,706**	–
Other payables and accrued expenses:		
Accrued expenses	**1,762**	2,009
Receipt in advance	**–**	1,013
Other payables	**59**	21
Total other payables and accrued expenses	**1,821**	3,043
Total account payables, other payables and accrued expenses	**26,527**	3,043

20 ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES *(Continued)*

Note:

(a) The settlement terms of payables arising from securities business are normally two to three days after trade date or specific terms agreed. The majority of the cash client payables are unsecured, non-interest-bearing and repayable on demand, except where certain balances represent trades pending settlement or cash received from clients for their trading activities under the normal course of business.

(b) In presenting the amounts due to HKSCC, the Group has offset the gross amount of the account receivables from and the gross amount of the account payables to HKSCC. Further details are set out in Note 31 to the financial statements.

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

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
HK$	**26,240**	1,720
RMB	**287**	310
	26,527	2,030

Other than those disclosed in note (a) above, account payables and other payables are unsecured, non-interest-bearing and repayable on demand.

21 BANK BORROWINGS

The maturities of the bank borrowings as at 31 March 2018 in accordance with the scheduled repayment dates (excluding any demand clauses) are as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Within one year	**2,166**	–
Between one and two years	**2,172**	–
Between two and five years	**6,804**	–
Over five years	**24,982**	–
	36,124	–

21 BANK BORROWINGS *(Continued)*

The Group's bank borrowings, which contain a clause giving the lender an unconditional right to demand repayment at any time, have been classified as current liabilities irrespective of the probability that the lender will invoke the clause without cause.

The Group's bank borrowing as at 31 March 2018 is denominated in Hong Kong dollars, and bears interest at 1.35% above Hong Kong Inter-bank Offered Rate per annum and is repayable by 180 monthly installments commencing on 13 October 2017. The Group's bank borrowing is secured by mortgage over the Group's leasehold properties situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of HK$42,478,000 (Note 6).

22 EXPENSES BY NATURE

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

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Cost of inventories sold	**627,193**	803,316
Reversal of impairment of inventories (Note 10)	**–**	(1,386)
Auditor's remuneration	**1,208**	1,350
Depreciation of property, plant and equipment (Note 6)	**2,150**	2,328
Amortisation of intangible assets (Note 7)	**498**	238
Legal and professional fees	**11,352**	1,350
Employee benefit expenses (Note 23)	**12,485**	8,790
Equity-settled share option expenses (Note 17)	**8,797**	14,260
Operating lease rentals of premises	**1,051**	388
Utilities expenses	**85**	123
Building management fees	**648**	567
Service fees for broker supplied systems	**158**	–
Others	**3,897**	2,764
Total	**669,522**	834,088

23 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Short term employee benefits	**12,169**	8,441
Post-employment benefits (Note)	**368**	341
Others	**(52)**	8
	12,485	8,790
Equity-settled share option expenses (Note 17)	**8,797**	14,260
	21,282	23,050

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.

24 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	
	2018	2017
	HK$'000	HK$'000
Directors (Note 37)	**8,086**	11,547
Employees	**5,871**	4,548
	13,957	16,095

24 SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

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

The five individuals where emoluments were the highest in the Group include two (2017: three) directors whose emoluments were disclosed in Note 37. The emoluments payable to the remaining three (2017: two) non-director individuals during the year are as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Short term employee benefits	**3,704**	1,330
Post-employment benefits	**56**	20
Equity-settled share option expenses	**2,111**	3,198
	5,871	4,548

Remuneration of the three (2017: two) highest paid non-director individuals fell within the following bands:

	Number of individuals	
	2018	2017
Emolument Bands		
HK$500,001 to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**1**	–

(b) Senior management's emoluments

The emoluments of the two (2017: three) senior management fell within the following bands:

	Number of individuals	
	2018	2017
Emolument Bands		
Nil to HK$500,000	**1**	1
HK$500,001 to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**1**	–

25 OTHER LOSSES

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Finance income	**204**	12
Exchange gain/(loss)	**73**	(645)
Gain/(loss) on disposal of property, plant and equipment (Note 32(a)/(b))	**55**	(186)
Realised gain on disposal of equity investments at fair value through profit or loss	**21**	–
Unrealised loss on the change in fair value of equity investments at fair value through profit or loss	**(612)**	–
Others	**20**	28
Total	**(239)**	(791)

26 FINANCE COSTS

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Finance costs		
– Interest expense on bank borrowings	**477**	1,245

27 INCOME TAX EXPENSE

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**5,508**	3,248
– PRC corporate income tax	**–**	–
(Over)/under-provision in prior year	**(58)**	60
Deferred income tax (Note 19)	**(1,489)**	(2,385)
	3,961	923

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% (2017: 16.5%) 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% (2017: 25%).

27 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	
	2018	2017
	HK$'000	HK$'000
Profit before income tax	**13,172**	6,312
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	**4,002**	1,589
Tax effects of:		
– Expenses not deductible	**300**	51
– Income not subject to tax	**(114)**	(1,711)
– Temporary difference not recognised	**(7)**	–
– Tax losses not recognised	**86**	934
– Utilisation of previously unrecognised tax losses	**(158)**	–
– (Over)/under-provision in prior year	**(58)**	60
– Tax refund	**(90)**	–
Tax charge	**3,961**	923
Effective tax rate	**30.1%**	14.6%

28 DIVIDENDS

No final dividend for the years ended 31 March 2018 and 2017 was proposed.

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

29 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is 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	
	2018	2017
Profit attributable to equity holders of the Company (HK$'000)	**9,211**	5,389
Weighted average number of ordinary shares in issue	**3,885,939,047**	3,670,313,425
Basic earnings per share	**HK0.24 cent**	HK0.15 cent

(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 (2017: one) category of dilutive potential ordinary share: share options (2017: share options). 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.

The calculation of diluted earnings per share is as follows:

	Year ended 31 March 2018
Profit attributable to equity holders of the Company (HK$'000)	9,211
Weighted average number of ordinary shares in issue	3,885,939,047
Effect of dilution – weighted average number of ordinary shares:	
Share options	24,421,064
	3,910,360,111
Diluted earnings per share	HK0.24 cent

Diluted earnings per share for the year ended 31 March 2017 was 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.

30 FINANCIAL INSTRUMENTS BY CATEGORIES

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

As at 31 March 2018

Financial assets

	Loan and receivables	**Financial assets at fair value through profit or loss**	**Total**
	HK$'000	HK$'000	HK$'000
Loan receivables	50,000	–	50,000
Account receivables	174,593	–	174,593
Financial assets included in deposits, prepayments and other receivables	4,358	–	4,358
Financial assets at fair value through profit or loss	–	1,808	1,808
Bank balances held on behalf of clients	23,429	–	23,429
Cash and cash equivalents	200,254	–	200,254
	452,634	1,808	454,442

Financial liabilities

	At amortised cost	**Total**
	HK$'000	HK$'000
Account payables	24,706	24,706
Financial liabilities included in other payables and accrued expenses	1,821	1,821
Bank borrowings	36,124	36,124
	62,651	62,651

30 FINANCIAL INSTRUMENTS BY CATEGORIES *(Continued)*

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

As at 31 March 2017

Financial assets

	Loan and receivables HK$'000	**Total** HK$'000
Loan receivables	70,400	70,400
Account receivables	88,477	88,477
Financial assets included in deposits, prepayments and other receivables	14,047	14,047
Cash and cash equivalents	152,189	152,189
	325,113	325,113

Financial liabilities

	At amortised cost HK$'000	**Total** HK$'000
Financial liabilities included in other payables and accrued expenses	2,030	2,030
	2,030	2,030

31 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set-off the Continuous Net Settlement ("CNS") money obligations receivable and payable with HKSCC; and the Group intends to settle on a net basis as account receivables from or account payables to HKSCC. For the net amount of CNS money obligations receivable or payable with HKSCC and Guarantee Fund placed with HKSCC, they do not meet the criteria for offsetting in the financial statements and the Group does not intend to settle the balances on a net basis.

				Related amounts not offset in the statement of financial position	
	Gross amount of recognised financial assets	**Gross amount of recognised financial liabilities offset in the statement of financial position**	**Net amount of financial assets presented in the statement of financial position**	**Cash collateral received**	**Net amount**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2018					
Account receivable from clearing house	2,692	(2,671)	21	–	21
Account payable to clearing house	2,834	(2,671)	163	–	163

There was no account receivable/payable from/to clearing house as at 31 March 2017.

32 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Profit before income tax	**13,172**	6,312
Adjustments for:		
Depreciation (Note 22)	**2,150**	2,328
Amortisation (Note 22)	**498**	238
Reversal of impairment of inventories (Note 22)	**–**	(1,386)
(Gain)/loss on disposal of property, plant and equipment (Note 25)	**(55)**	186
Exchange (gains)/losses (Note 25)	**(73)**	645
Finance income (Note 25)	**(204)**	(12)
Finance costs (Note 26)	**477**	1,245
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
Share options expenses (Note 17)	**8,797**	14,260
Unrealised loss on change in fair value of equity investments at fair value through profit or loss (Note 25)	**612**	–
Change in working capital		
– Inventories	**(1,381)**	17,524
– Loan receivables	**20,400**	(70,400)
– Account receivables	**(32,208)**	99,287
– Bank balances held on behalf of clients	**5,335**	–
– Deposits, prepayments and other receivables	**11,221**	(3,423)
– Account payables	**(4,794)**	(42,881)
– Other payables and accrued expenses	**(2,724)**	(2,343)
Cash generated from operations	**21,223**	15,686

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

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Net book amount of property, plant and equipment disposed (Note 6)	**8**	978
Gain/(loss) on disposal of property, plant and equipment (Note 25)	**55**	(186)
Proceeds from disposal of property, plant and equipment	**63**	792

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

(c) In the consolidated statement 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 (b))	22,398
Proceeds receivable (Note 12 (f))	(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

(d) Reconciliation of liabilities arising from financing activities is as follows:

	Bank borrowings HK$'000
At 1 April 2017	–
Changes from financing cash flows	
Drawdown of bank borrowings	109,276
Repayments of bank borrowings	(73,151)
Interest paid	(438)
Bank facility costs paid	(40)
Other changes	
Interest expenses	477
At 31 March 2018	36,124

33 COMMITMENTS

(a) Operating lease commitments

The Group leases an office property under an operating lease arrangement, with the lease negotiated for terms of two years. The future aggregate minimum lease payments for the office property under non-cancellable operating lease are as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Not later than 1 year	**2,790**	–
Later than 1 year and not later than 5 years	**1,879**	–
	4,669	–

(b) Capital commitments

In addition to the operating lease commitments detailed in note (a) above, the Group had the following capital commitments at the end of the reporting period:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Contracted, but not provided for:		
Leasehold properties	**198,589**	–
Leasehold improvements	**189**	–
	198,778	–

34 BUSINESS COMBINATION

Acquisition in 2018

On 15 February 2018, Goldenmars Technology Investments Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Huabang Securities from an independent third party pursuant to a sales and purchase agreement dated 7 March 2017 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. Huabang Securities is a licensed corporation under the Securities and Futures Ordinance and is principally engaged in securities brokerage business in Hong Kong. Its wholly-owned subsidiary, Sen Mei Logistics Limited, is an inactive company which holds a motor vehicle for own use.

In accordance with HKFRS 3 (Revised), "Business Combinations", 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.

34 BUSINESS COMBINATION *(Continued)*

The fair values of the identifiable assets and liabilities of Huabang Securities and Sen Mei Logistics Limited (collectively referred to "Huabang Securities Group") as at the date of acquisition were as follows:

	HK$'000
Purchase consideration	
– Cash paid	30,000
– Consideration shares issued at market price on 15 February 2018	109,725
	139,725
Recognised amounts of identifiable assets acquired and liabilities assumed at fair value	
Property, plant and equipment	680
Customer relationship contract	2,700
Financial assets at fair value through profit or loss	2,420
Account receivables	53,908
Deposits, prepayments and other receivables	760
Bank balances held on behalf of clients	28,764
Cash and cash equivalents	30,003
Account payables	(29,499)
Other payables and accrued expenses	(1,502)
Deferred tax liabilities	(522)
Total identifiable net assets	87,712
Goodwill	52,013

The Group incurred transaction costs of HK$360,000 for this acquisition. These transaction costs have been expensed and are included in general and administrative expenses in the consolidated income statement.

Included in the goodwill of HK$52,013,000 recognised above is an assembled workforce, which is not recognised separately. Because the Group would not have sufficient control over the expected future economic benefits arising from the assembled workforce, it does not meet the criteria for recognition as an intangible asset under HKAS 38, "Intangible Assets". None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair values of the account receivables and other receivables as at the date of acquisition amounted to HK$53,908,000 and HK$494,000, respectively. The gross contractual amounts of account receivables and other receivables were HK$61,154,000 and HK$494,000, respectively, of which account receivables of HK$7,246,000 are expected to be uncollectible.

Revenue included in the consolidated income statement since acquisition date contributed by Huabang Securities was HK$2,063,000. This acquired business contributed operating profit of HK$262,000 for the year ended 31 March 2018 from the acquisition date.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the loss of the Group for the year would have been HK$695,283,000 and HK$600,000, respectively.

34 BUSINESS COMBINATION *(Continued)*

Acquisition in 2017

On 10 February 2017, Goldenmars Internet Media Company Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 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 corporate finance advisory business in Hong Kong.

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 Huabang Financial (formerly known as 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	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 corporate finance advisory business segment and the synergies expected to arise after the Group's acquisition of the business operation.

35 RELATED PARTY TRANSACTIONS

Major related party that had transactions with the Group during the year ended 31 March 2017 was as follows:

Name of the related party	Relationship
Huabang Securities Limited	Common director with a subsidiary of the Company (For the period prior to the completion of acquisition of Huabang Securities)

(a) Transactions with related parties

During the year ended 31 March 2018, no material transactions were undertaken by the Group with related parties.

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

(b) Outstanding balances with related parties

The Group had outstanding balances due from Huabang Qianhai, a joint venture of the Group, and Huabang Qianhai Property Limited, a wholly-owned subsidiary of Huabang Qianhai, totalling HK$25,000 (2017: nil) as at the end of the reporting period. These balances are unsecured, non-interest-bearing and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Short term employee benefits	**4,606**	4,102
Post-employment benefits	**102**	100
Equity-settled share option expenses	**8,599**	13,281
	13,307	17,483

Further details of directors' and the chief executive's emoluments are included in Note 37 to the financial statements.

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 March	
		2018	2017
		HK$'000	HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries		**452,453**	342,728
Current assets			
Amount due from subsidiaries		**14,538**	14,260
Deposits, prepayments and other receivable		**337**	267
		14,875	14,527
Total assets		**467,328**	357,255
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**3,408**	3,214
Other reserves	Note a	**463,920**	354,041
Total equity		**467,328**	357,255
Total equity and liabilities		**467,328**	357,255
Net current assets		**14,875**	14,527
Total assets less current liabilities		**467,328**	357,255

The statement of financial position of the Company was approved by the Board of Directors on 21 June 2018 and was signed on its behalf

George Lu
Director

Lau Wing Sze
Director

36 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 2018					
Balance at 1 April 2017	243,749	95,114	14,260	918	354,041
Comprehensive income					
Loss for the year	–	–	–	(9,512)	(9,512)
Total comprehensive income	–	–	–	(9,512)	(9,512)
Transaction with owners					
Employee share option scheme					
– value of employee services (Note 17)	–	–	9,607	–	9,607
– exercise of employee share options (Note 17)	1,236	–	(175)	–	1,061
– forfeiture of employee share options (Note 17)	–	–	(810)	–	(810)
Issue of shares for acquisition of a subsidiary (Note 34)	109,533	–	–	–	109,533
Balance at 31 March 2018	354,518	95,114	22,882	(8,594)	463,920
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 28)	–	–	–	(19,283)	(19,283)
Issuance of shares by placement (Note 16)	151,525	–	–	–	151,525
Share issuance expenses	(7,590)	–	–	–	(7,590)
Employee share option scheme					
– value of employee services (Note 17)	–	–	14,260	–	14,260
Balance at 31 March 2017	243,749	95,114	14,260	918	354,041

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 group reorganisation.

37 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the directors for the year ended 31 March 2018 is 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 2018									
Name of directors									
Executive directors									
Mr. George Lu	100	626	–	–	–	18	–	–	744
Ms. Lau Wing Sze (Note (i))	100	852	–	–	2,016	18	–	–	2,986
Mr. Lau Wan Po (Note (ii))	100	266	–	–	4,733	1	–	–	5,100
Mr. Pang Chung Fai Benny (Note (iii))	289	–	–	–	71	3	–	–	363
	589	1,744	–	–	6,820	40	–	–	9,193

37 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of the directors for the year ended 31 March 2018 is set out below: *(Continued)*

	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 2018									
Name of directors									
Independent non-executive directors									
Mr. Loo Hong Shing, Vincent	170	–	–	–	71	9	–	–	250
Mr. Mu Binrui (Note (viii))	184	–	–	–	–	–	–	–	184
Mr. Lam Allan Loc (Note (v))	170	–	–	–	–	9	–	–	179
Mr. Shin Yick Fabian (Note (vi))	170	–	–	–	71	9	–	–	250
	694	–	–	–	142	27	–	–	863

37 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of the directors for the year ended 31 March 2017 is 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

37 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	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									
Independent non-executive directors									
Mr. Loo Hong Shing, Vincent	161	–	–	–	69	8	–	–	238
Mr. Mu Binrui (Note (viii))	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 (ix))	48	–	–	–	–	2	–	–	50
	516	–	–	–	162	24	–	–	702

37 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) Lam Allan Loc has 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 of the Company with effect from 30 September 2016.

(vii) Wan Tak Shing has resigned as an independent non-executive director of the Company with effect from 2 June 2016.

(viii) Mu Binrui has been appointed as an independent non-executive director of the Company with effect from 26 January 2017. He has resigned as an independent non-executive director with effect from 28 March 2018.

(ix) Yeung wai Fai Andrew has been appointed as an independent non-executive director of the Company with effect from 2 June 2016. He has resigned an independent non-executive director with effect from 30 September 2016.

During the year ended 31 March 2018, no director waived any emoluments (2017: same).

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 March 2018 (2017: same).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 March 2018 (2017: same).

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

During the year ended 31 March 2018, no consideration was paid by the Company to third parties for making available directors' services (2017: same).

37 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 2018, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2017: 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 2018 or at any time during the year ended 31 March 2018 (2017: same).

38 EVENTS AFTER THE REPORTING PERIOD

The Group completed a major transaction of acquisition of a property on 18 April 2018. Reference is made to the announcements of the Company dated 20 December 2017, 9 January 2018, 27 February 2018 and 18 April 2018, and the circular of the Company dated 15 March 2018.