ZHI CHENG HOLDINGS LIMITED

* For identification only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors ("Directors") of Zhi Cheng Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this report misleading.

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Corporate Information

Executive Directors

Mr. Lien Wai Hung *Chairman*
Mr. Wu Xiaoming *Executive Vice Chairman*
Mr. Zhang Zihong

Non-executive Director

Mr. Zhang Xiongfeng

Independent Non-executive Directors

Dr. Zhang Wei
Dr. Li Zhan
Mr. Law Yui Lun

Chief Executive Officer

Mr. Wu Xiaoming

Company Secretary

Mr. Ong King Keung

Compliance Officer

Mr. Lien Wai Hung

Authorised Representatives

Mr. Wu Xiaoming
Mr. Ong King Keung

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Audit Committee

Mr. Law Yui Lun
Mr. Zhang Xiongfeng
Dr. Zhang Wei
Dr. Li Zhan

Remuneration Committee

Dr. Zhang Wei
Mr. Lien Wai Hung
Mr. Wu Xiaoming
Dr. Li Zhan
Mr. Law Yui Lun

Nomination Committee

Dr. Li Zhan
Mr. Lien Wai Hung
Mr. Zhang Zihong
Dr. Zhang Wei
Mr. Law Yui Lun

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Legal Advisers to the Company

As to Hong Kong Law
Messrs. Michael Li & Co.

As to Bermuda Law
Conyers Dill and Pearman

Head Office and Principal Place of Business in Hong Kong

Room 2602, 26/F.,
China Insurance Group Building,
141 Des Voeux Road Central,
Central, Hong Kong

Principal Bankers

Hang Seng Bank Limited
China Construction Bank (Asia) Corporation Limited

Corporate Website

http://www.zhicheng-holdings.com

GEM Stock Code

08130

Chairman's Statement

Dear shareholders,

On behalf of the board of Directors (the "Board") of Zhi Cheng Holdings Limited (the "Company"), I herein present the results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2018.

With markets around the globe reaching record highs, some would describe 2017 as an epic year. A popular view among economists is that, after a historically long economic expansion, the world is due a recession. But economic cycles do not run on clocks and investors might worry about what is coming next. Moving into 2018, while the geopolitical breakthroughs in the Asia Pacific are making history, the raising US dollars with a growing inflation narrative and interest rate concerns, together with global trade tensions and political uncertainties between the east and the west, all the signs indicates that there will still be challenges ahead.

During the year under review, the Group recorded an increase in revenue of approximately 45.3% to HK$69.2 million (2017: HK$47.6 million). The revenue was derived from advertising and media related services and provision of financial leasing and other financial services. The Group recorded a loss attributable to owners of the Company of approximately HK$60.0 million (2017: HK$113.7 million). The change was mainly attributed to a decrease in administrative expenses amounting to approximately HK$81.3 million (2017: HK$134.0 million).

Finally, I would like to thank our Board, management and staff for their contributions to the Group. I would also like to extend my sincere gratitude to our shareholders, business partners, customers and suppliers for their continued supports.

Lien Wai Hung
Chairman

General

During the year under review, the Group is principally engaged in advertising and media related services and provision of financial leasing and other financial services.

Business Overview

Advertising and Media Related Services

In meeting PRC's increased demand for better cultural and publication products, the core output of the pan-entertainment industry have reached multi-hundred billion renminbi in 2017. While there are many interpretations of pan-entertainment, the fusion industry covers literature, animation, video, music, games, virtual reality, derivative merchandises and other forms of transmedia entertainment. The core is based on intellectual property models and its extension and it is generally believed that the upper stream is dominated by online literature and animation, the middle stream are film and television dramas, internet created contents, digital music, and the downstream are games, virtual reality and derivative merchandises. A good example would be PRC's leading technology company expanding into the cultural area. It is led by the entertainment branch covering the animation, games, film and television, literature, and music and excelling in all areas.

Riding on the trend and policies for film industry promotion in the PRC, the Group is also venturing into investment in film productions and film rights in support of the increased demand for high quality movies and original media contents. On 22 December 2017, the Company entered into a strategic cooperation framework agreement (the "Framework Agreement") with Entertaining Power Co. Limited (the "Cooperation Party"), pursuant to which each of the Company and the Cooperation Party will respectively utilise their edge in the industry to invest, produce, promote and/or distribute relevant media and film related project(s) in Hong Kong, South East Asia and Mainland China. Pursuant to the Framework Agreement, the Company and the Cooperation Party (or their respective relevant subsidiaries) will form strategic cooperation with each other including but not limited to investment in, production, promotion and/or management of relevant media and film related project(s) in Hong Kong, South East Asia and Mainland China. It is expected that the strategic cooperation as contemplated under the Framework Agreement will allow the parties to utilise their respective edges in the industry and will create synergy effects.

Advertising and media related services in the PRC are provided by three subsidiaries of the Company, of which 上海思璇廣告有限公司(Shanghai Si Xuan Advertisement Company Limited*, "Shanghai Si Xuan") were controlled by contractual arrangements and details and reasons for the contractual arrangements are disclosed in the Company's announcements dated 3 May 2012. The Group is reviewing the contractual arrangements for Shanghai Si Xuan and will consider unwinding the structured contracts when the conditions for a relaxation of foreign-funded advertising enterprise are met. Risks associated with the contractual arrangements included that the PRC Government may determine the structured contracts are not in compliance with applicable PRC laws, rules, regulations or policies; the structured contracts may not provide control as effective as direct ownership; the Group's ability to recover or reclaim any or all of the related interest in the event of breach of contractual terms by the PRC company and its PRC shareholders; and the imposition of additional tax on the structured contracts may be subject to scrutiny by the PRC tax authorities. The Group continues to monitor and arrange annual reviews of the contractual arrangements to mitigate the effects of the above risks.

During the year under review, the revenue contributed by such segment was approximately HK$66.9 million (2017: HK$42.1 million).

Provision of Financial Leasing and other Financial Services

During the year under review, the revenue contributed by this segment was approximately HK$2.4 million (2017: HK$5.6 million), representing a decrease of approximately 57.4%. The loss of this business segment for the year ended 31 March 2018 was approximately HK$30.5 million (2017: HK$31.8 million), representing a decrease of approximately 4.2%. The decrease in revenue was mainly due to a decrease in revenue generated from financial leasing area and the decrease in loss of this business segment was mainly attributable to exercise tighten cost control measures.

Management Discussion and Analysis

Financial Review

For the year under review, the revenue from continuing operations of the Group was approximately HK$69.2 million (2017: HK$47.6 million), of which approximately HK$66.9 million (2017: HK$42.1 million) was generated from advertising and media related services; approximately HK$2.4 million (2017: HK$5.6 million) was generated from provision of financial leasing and other financial services, thus representing an increase of approximately 45.3% as compared with that of the year ended 31 March 2017. Other income and gains amounted to approximately HK$4.6 million (2017: HK$5.7 million), a decrease of approximately 18.4% over the prior year.

Administrative expenses decreased by 39.3% to approximately HK$81.3 million from HK$134.0 million in prior year. The decrease was mainly attributed to a number of reasons: a decrease in share-based payment expenses to HK$Nil (2017:approximately HK$32.7 million); a decrease in staff costs to approximately HK$37.1 million (2017: HK$43.4 million); a decrease in consultancy expenses to approximately HK$6.5 million (2017: HK$13.0 million); a decrease in payment under operating lease on premises to approximately HK$10.8 million (2017: HK$11.4 million) and also to a decrease in travelling, motor vehicle and office expenses amounting to approximately HK$6.0 million (2017: HK$10.1 million).

Finance costs increased to HK$5.2 million (2017: HK$3.5 million). The increase was mainly due to interest paid on a corporate bond issued by the Company and interest expenses paid on other borrowings.

Loss attributable to owners of the Company was approximately HK$60.0 million (2017: HK$113.7 million). The change was mainly attributed to a decrease in administrative expenses amounting to approximately HK$81.3 million (2017: HK$134.0 million) as mentioned above.

Prospects

The Group keeps to review on its business segments to determine future directions. In the future, with the view on more popularity in internet advertisement and in order to enhance the performance of advertising and media related segment, the Group started to operate online advertisement business in the second quarter of 2018. At the same time, the Group continued to remain cost conscious through stringent cost control measures in order to improve performance of the Group.

Looking ahead, the Group will continue to leverage on its experience, skillset and know-how to build new growth drivers and initiate new value-adding services. The Group will proactively seek business opportunities that will contribute and sustain the Group's future development on generating better return to shareholders.

Dividend

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

Liquidity and Financial Resources

At 31 March 2018, the Group had total assets of approximately HK$615.8 million (2017: HK$522.2 million), including net cash and bank balances of approximately HK$16.4 million (2017: HK$13.3 million). The decrease in cash and bank balances coincided with impending business activities and operations of the Group during the year.

During the year under review, the Group financed its operations with internally generated cash flows and the proceeds from the issuance of new shares.

Capital Structure

During the year ended 31 March 2018, certain option holders exercised their option rights to subscribe for an aggregate of 13,607,352 shares at HK$0.373 per share. The net proceeds from the exercise of option rights amounted to approximately HK$5.1 million.

Save as disclosed below, there was no change in the capital structure of the Group at 31 March 2018 as compared with that at 31 March 2017.

On 25 September 2017, the Company and the placing agent entered into the placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, of up to 450,000,000 placing shares, to not less than six placees who and whose ultimate beneficial owners shall be independent third parties at the placing price of HK$0.188 per placing share. The placing of 450,000,000 placing shares was completed on 19 October 2017.

The net proceeds from the placing of approximately HK$81.6 was utilized as to (i) approximately HK$29.0 million towards financial leasing and other financial services business segment as loans to independent third parties; (ii) approximately HK$29.0 million towards advertising and media business segment as deposits for media projects; and (iii) approximately HK$23.6 million as general working capital of the Group, of which approximately HK$13.3 million towards staff costs, approximately HK$6.5 million towards payment under operating lease on premises, approximately HK$3.1 million towards consultancy expenses and approximately HK$0.7 million towards travelling.

Charge on the Group Assets

As at 31 March 2018, the Group did not have any charge on its assets (2017: Nil).

Foreign Exchange Risk

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

Management Discussion and Analysis

Commitments

At 31 March 2018, the Group, as a lessor, did not have operating lease commitments (2017: HK$Nil) and as a lessee, had operating lease commitment of approximately HK$23.6 million (2017: HK$22.4 million). The Group also had capital commitment in respect of the formation of joint venture company contracted for of approximately HK$43.8 million (2017: HK$39.5 million).

Contingent Liabilities

At 31 March 2018, the Group had no contingent liabilities (2017: HK$Nil).

Significant Investment

At 31 March 2018, the Group did not hold any significant investment.

Material Acquisitions and Disposal of Subsidiaries and Affiliated Companies

On 23 January 2018, the Company entered into a non-legally binding memorandum of understanding (the "MOU") with a company established in the PRC. Details of the MOU are set out in the Company's announcement dated 23 January 2018.

For the year under review, the Group recorded a gain on disposal of subsidiaries amounted to approximately HK$9.6 million, which represented the aggregated amount of the loss on disposal of the entire registered capital of Sunny Chance Limited and its subsidiary; the gain on disposal of the entire registered capital of United Falcon Limited and its subsidiaries; the gain on disposal of the entire registered capital of Global Brilliant Tours (HK) Limited; the gain on disposal of the entire registered capital of Activepart Limited and the gain on disposal of the entire registered capital of Cheer Union Limited. For the corresponding year under review, the Group recorded a gain on disposal of subsidiaries amounted to approximately HK$1.0 million, which represented the aggregated amount of the gain on disposal of the entire registered capital of Jia Tai Hua Digital Technology (Tianjin) Company Limited* (嘉鈦華數碼科技（天津）有限公司); the loss on disposal of the entire registered capital of Tianjin Yi Chen Electronic Technology Company Limited* (天津市逸晨電子科技有限公司); the gain on disposal of the entire registered capital of Guangzhou Xun Zhi Tong Information Technology Company Limited* (廣州迅置通信息科技有限公司) and the gain on disposal of the entire registered capital of Shanghai Wangshi Jinfu Information Service Company Limited* (上海網實金服資料服務有限公司)

Save as disclosed above, the Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies during the year ended 31 March 2018.

Future Plan for Material Investments and Capital Assets

The Group does not have any concrete plan for material investments or capital assets for the coming year.

* *For identification purposes only*

Principal Risks and Uncertainties

Principal risks	Description	Mitigating actions
Business risk	Business risk is the risk of rapid changes in customers' preference and price driven competition could impact the Group's performance.	• Review market trends and maintain a competitive position by recruiting and retaining quality staff to provide flexible solutions to the customers.
Economic risk	Economic risk is the risk of any downturn in economic conditions could impact the Group's performance.	• Review forward looking indicators to identify economic conditions.
Liquidity risk	Liquidity risk is the risk that the Group would not be able to meet its financial obligations as they fall due.	• Monitor liquidity and balance sheet. • Maintain appropriate liquidity to cover commitments.
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates would affect the Group's income and the value of its holdings of assets.	• Closely monitor statement of financial position and cashflow exchange risk exposures and consider appropriate use of financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge the exchange risk.
People risk	People risk is the risk of loss the services of any directors, senior management and other key personnel could have a material adverse effect on the Group's businesses.	• Provide competitive reward and benefit packages to attract and retain the employees the Group need. • Ensure that the staff of the Group has the right working environment to enable them to do the best job and maximise their satisfaction at work.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs on civil and/or criminal proceedings and reputational damage being incurred.	• Monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement for any compulsory changes. • Seek legal or other specialist advice as appropriate.

Environmental Policies

The Group is committed to acting in an environmentally responsible manner. Recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy, resulted in more efficient use of resources, as well as reduction of waste.

Compliance with Environmental Regulations

Due to the nature of the business of the Group, the Directors are of the opinion that no specific laws and regulations related to environmental protection has significant impact on the operations of the Group.

Relationship with Employee, Customers, Suppliers and Others

The percentage of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales	
– the largest customer	29.2%
– five largest customers combined	64.4%
Purchases	
– the largest supplier	28.0%
– five largest supplier combined	56.3%

At no time during the year did the directors, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) have an interest in the major customers or suppliers noted above.

Emolument Policy

The emoluments of the Directors are decided by the Board with reference to the recommendations from the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible participants, details of the share option scheme is set out in note 41 of the consolidated financial statements.

Management Contract

No management contract is in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

Employment Information

At 31 March 2018, the Group had 38 employees (2017: 152). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options eligibility under the current share option scheme.

Financial Key Performance Indicators

The gearing ratio, expressed as a percentage of total liabilities over total assets, was 18.3% (2017: 19.1%). The change in gearing ratio was mainly attributed to the decrease in bank balances and cash from fund raising activities during the year.

The Group is considering other financial key performance indicators to assess the performance for specific business segments of the Group.

Profile of Directors

Executive Directors

Mr. Lien Wai Hung, aged 54, is the chairman of the Company and he is responsible for overall management of the Board and overseeing the corporate governance of the Group. Mr. Lien is a practicing solicitor in Hong Kong since 1997. Mr. Lien is currently an independent non-executive director of China Healthwise Holdings Limited which is listed on The Stock Exchange of Hong Kong Limited. Mr. Lien was appointed as an executive director and the chairman on 27 April 2010 and 15 September 2010 respectively.

Mr. Wu Xiaoming, aged 56, is the executive vice chairman and the chief executive officer of the Company and is experienced in financing and practice in business management, team building, corporate strategy development and implementation in large corporations, he also has in-depth knowledge and operational experience in investments and development of large-scale projects. Mr. Wu was appointed as the chief executive officer, an executive director and the executive vice chairman, on 28 April 2016, 30 September 2016 and 3 April 2018 respectively.

Mr. Zhang Zihong, aged 56, holds a bachelor degree of Law in Peking University Law School in 1984. Mr. Zhang has been lawyer in the PRC since 1987 and has ample of experience in management and investment. Mr. Zhang was appointed as an executive director on 3 April 2018.

Non-executive Director

Mr. ZHANG Xiongfeng, aged 50, has extensive experience in the investment banking industry specialising in the area of corporate finance. Mr. Zhang is currently a non-executive director Fire Rock Holdings Limited, whose shares are listed on the GEM of the Stock Exchange; a non-executive director of Pa Shun International Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange; and also an executive director of Interactive Entertainment China Cultural Technology Investments Limited, whose shares are listed on GEM. Mr. Zhang was appointed as a non-executive director on 3 April 2018.

Independent Non-executive Directors

Dr. Zhang Wei, aged 63, Dr. Zhang had taught Development Economics and Chinese Economy at the University of Cambridge in the UK since 2000 and Dr. Zhang is also the founding director of Economic Research Centre for Greater China in Cambridge. Dr. Zhang was appointed as an independent non-executive director on 1 November 2017.

Dr. Li Zhan, aged 56, graduated from Shanghai Jiao Tong University with a doctorate degree in 1987. Dr. Li has accumulated over 30 years of experience in corporate operation and investment management, and has profound experience and excels in academic research. Dr. Li was appointed to work in Hong Kong from 1996 to 2007, as the general manager of the R&D department in Shanghai Industrial Investment (Holdings) Co. Ltd., and concurrently worked as the deputy general manager of corporate management department of Shanghai Industrial Group; the deputy general manager of the Chairman Office in Shanghai Industrial Holdings Limited, a blue chip listed company in Hong Kong (stock code: 363); an adjunct professor of the College of Business of the City University of Hong Kong; and an advisory committee member of the Faculty of Business of the Hong Kong Polytechnic University. Mr. Li has worked as the director of Research Center of Innovation and Entrepreneurship in Shanghai Jiao Tong University since 2003. From 2008 to 2014, Dr. Li was the chairman of Shanghai Jiaoda Withub Information Industrial Co., Ltd., a company listed on GEM of the Stock Exchange of Hong Kong (stock code: 8205); an officer of Shanghai Withub Hi-Tech Business Incubator* (上海慧谷高科技創業中心), a state science and technology business incubator; and the general manager of Shanghai Jiaoda Science Park Limited* (上海交大科技園有限公司), a state university science park. Since February 2018, Dr. Li has served as an independent non-executive director of Zhi Cheng Holdings Limited.

Mr. Law Yui Lun, aged 56, is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). He is also an associate member of each of the HKICPA and the Taxation Institute of Hong Kong and a fellow member of the Association of Chartered Certified Accountants ("ACCA") of the United Kingdom. Mr. Law has extensive professional experience in the fields of auditing, accounting, corporate taxation, company liquidation and insolvency, financial advisory and management for over 30 years. Mr. Law is currently independent non-executive director of CBK Holdings Limited (Stock Code: 8428), which is listed on the GEM of the Stock Exchange of Hong Kong Limited and Shougang Concord Century Holdings Limited (Stock Code: 0103), which is listed on the main board of the Stock Exchange of Hong Kong Limited. Mr. Law was appointed as an independent non-executive director on 1 November 2017.

* *For identification purposes only*

Introduction

The Board of directors (the "Board") and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

Corporate Governance Practices

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public. Throughout the financial year ended 31 March 2018, the Group has complied with the code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules save for certain deviations, details of which will be explained in the relevant paragraphs in this report. The Board has, since the amendments to the GEM Listing Rules regarding corporate governance practices were first proposed by the Stock Exchange, continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the year and where appropriate, circulars and other guidance notes were issued to directors and senior management of the Group to ensure awareness to issues regarding corporate governance practices.

The Board

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transaction, appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

Composition

The Board currently comprises seven Directors: three executive Directors, one non-executive director and three independent non-executive Directors that are more than one-third of the Board. Biographical details of the Chairman and other Directors are set out in the section of "Profile of Directors" on page 12.

The Directors have distinguished themselves in their field of expertise and have exhibited high standards of personal and professional ethics and integrity. All the Directors give sufficient time and attention to the Company's affairs. The Board believes that the ratio of executive to non-executive Directors is reasonable and adequate to provide checks and balances that safeguard the interest of the shareholders and the Company as a whole.

At 31 March 2018, the Board comprised nine Directors, including five executive Directors, namely Mr. Lien Wai Hung, Mr. Wu Xiaoming, Dr. Shen Furong, Mr. Wei Shu Jun and Ms. Zhu Qi and four independent non-executive Directors, Dr. Zhang Wei, Dr. Li Zhan, Mr. Law Yui Lun and Mr. Wang Hsiang Hung. One of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise.

In accordance with the Company's bye-laws, newly appointed Directors are required to offer themselves for re-election at the first annual general meeting following their appointment.

The Board as a whole is responsible for the appointment of new Directors and Directors nomination for re-election by shareholders at the annual general meeting of the Company. Under the Company's bye-laws, the Board may from time to time appoint a Director either to fill a vacancy or as an addition to the Board. Any new Director appointed to fill a casual vacancy shall hold office until the first general meeting after his appointment and shall then be eligible for re-election. Any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Independence

The Company has four independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. The Company considers these directors to be independent under the guidelines set out in Rules 5.09 of the GEM Listing Rules.

Deviation from the CG code

Throughout the year ended 31 March 2018, the Company complied with the CG Code in Appendix 15 to the GEM Listing Rules, with the exception of CG Code Provision A.4.1 (specific terms of non-executive Directors).

Terms of non-executive Directors

Under the Code provision A.4.1, all non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, 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. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this code provision.

Board Meetings and Shareholders' Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. At least fourteen days' notice of regular Board meeting is given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from regular meetings, senior management from time to time provides Directors information on activities and development of the businesses of the Group.

During the year ended 31 March 2018, 25 board meetings were held. Details of the attendance of the Directors at general meetings, the meetings of the Board and its respective committees are as follows:

Name of Director	*Notes*	General Meeting Attended/ Held	Board Meeting Attended/ Held	Audit Committee Attended/ Held	Remuneration Committee Attended/ Held	Nomination Committee Attended/ Held
Executive Directors						
Mr. Lien Wai Hung		1/1	22/23	N/A	2/3	2/3
Mr. Wu Xiaoming		0/1	11/11	N/A	3/3	N/A
Dr. Shen Furong		0/1	11/11	N/A	N/A	2/3
Mr. Wei Shu Jun		0/1	21/23	N/A	N/A	N/A
Ms. Zhu Qi		0/1	18/23	N/A	N/A	N/A
Independent non-executive Directors						
Dr. Zhang Wei	*1*	0/0	3/4	1/1	2/2	2/2
Dr. Li Zhan	*2*	0/0	2/2	1/1	1/1	1/1
Mr. Law Yui Lun	*3*	0/0	4/4	2/2	2/2	2/2
Mr. Wang Hsiang Hung		0/0	8/11	N/A	N/A	N/A
Mr. Chong Yiu Kan, Sherman	*4*	1/1	6/6	1/1	0/0	0/0
Ms. Chan Wing Yan, Carman	*5*	1/1	8/8	2/2	1/1	1/1
Mr. Yeung Kwong Wai	*6*	1/1	4/10	1/4	1/2	1/2

Notes

(1) Dr. Zhang Wei was appointed as independent non-executive Director with effect from 1 November 2017.

(2) Dr. Li Zhan was appointed as independent non-executive Director with effect from 1 February 2018.

(3) Mr. Law Yui Lun was appointed as independent non-executive Director with effect from 1 November 2017.

(4) Mr. Chong Yiu Kan, Sherman retired as an independent non-executive Director on 28 September 2017.

(5) Ms. Chan Wing Yan, Carman resigned from her position as independent non-executive Director with effect from 21 November 2017.

(6) Mr. Yeung Kwong Wai resigned from his position as an independent non-executive Director with effect from 16 March 2018.

Training and support for Directors

All directors, including independent non-executive directors, namely, Mr. Lien Wai Hung, Mr. Wu Xiaoming, Dr. Shen Furong, Mr. Wei Shu Jun, Ms. Zhu Qi, Dr. Zhang Wei, Dr. Li Zhan, Mr. Law Yui Lun and Mr. Wang Hsiang Hung must keep abreast of their collective responsibilities as directors and of the business of the Group. As such, the Group provides an induction to each newly appointed director upon his/her appointment. Briefings and orientations are provided and organised to ensure that the new directors are familiar with the role of the Board, their legal and other duties as a director as well as the business and governance practices of the Group. Such programmes are tailored to each individual director taking into account their background and expertise. The Company will continuously update all directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all directors.

All directors also participate in continuous professional development programmes provided or procured by the Group, such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. A record of the training received by the respective directors are kept and updated by the Company.

Board Diversity

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

Remuneration Committee

A remuneration committee was established with specific written terms of reference. At the date of this annual report, the remuneration committee consists of five members, of which the majority are independent non-executive Directors, namely Mr. Lien Wai Hung, Mr. Wu Xiaoming, Dr. Zhang Wei, Dr. Li Zhan and Mr. Law Yui Lun. The chairman of the remuneration committee is Dr. Zhang Wei.

The remuneration committee is responsible for formulating and recommending to the Board the remuneration policy, determining the remuneration of executive Directors and members of senior management of the Group, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. This committee consults with the chairman on its proposals and recommendations and has access to professional advice if deemed necessary. The remuneration committee is also provided with other resources enabling it to discharge its duties.

The specific terms of reference of the remuneration committee are posted on the Company's website. The remuneration committee meets at least once a year.

During the year under review, the remuneration committee held 3 meetings.

Nomination Committee

The nomination committee was established with specific written terms of reference. At the date of this annual report, the nomination committee consists of five members, of which the majority are independent non-executive Directors, namely, Dr. Zhang Wei, Dr. Li Zhan, Mr. Lien Wai Hung, Mr. Zhang Zihong and Mr. Law Yui Lun. The chairman of the nomination committee is Dr. Li Zhan.

The duties of the nomination committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer.

The specific terms of reference of the nomination committee are posted on the Company's website. The nomination committee meets at least once a year.

During the year under review, the nomination committee held 3 meetings.

Auditors' Remuneration

For the year ended 31 March 2018, the remuneration in respect of audit services provided by the auditors, HLB Hodgson Impey Cheng Limited, amounted to approximately HK$1,113,000. Except for the audit service fee, the Company has paid approximately HK$199,000 to the auditors for non-audit services.

Audit Committee

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. Rule 5.28 to 5.29 of the GEM Rules requires that the audit committee must comprise a minimum of three members with independent non-executive Directors only and at least one member must have appropriate professional qualifications or accounting or related financial management expertise.

The main duties of the audit committee include the followings:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer or external auditors before submission to the board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

Other duties of the audit committee are set out in its specific terms of reference which are posted on the Company's website. The audit committee is provided with sufficient resources enabling it to discharge its duties.

The audit committee held 4 meetings during the year ended 31 March 2018, to review the financial results and reports, financial reporting and compliance procedures, report on the company's internal control and risk management review and processes as well as the re-appointment of the external auditors.

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

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31 March 2018, has been reviewed by the audit committee.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in rules 5.48 to 5.67 to the GEM Listing Rules as its own code of conduct for dealings in securities of the Company by Directors (the "Code"). The Company, having made specific enquiry of all Directors, confirms that its Directors have complied with the required standard set out in the Code during the financial year ended 31 March 2018.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the financial position of the Group. The auditors are responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

Internal Control and Risk Management

The Board has overall responsibility for the internal control system and risk management of the Group and it has delegated to the executive management to carry out the risk identification and monitoring procedures. The objectives of the risk management are to enhance the governance and corporate management processes as well as to safeguard the interests of the shareholders and the assets of the Group.

Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the executive management have provided sufficient internal control and risk management for the Group.

The Board reviewed that the risk management and internal control system adopted by the Group for the year ended 31 March 2018 and is of the view that the systems are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system.

Constitutional Documents

On 25 September 2012, the Company adopted a new set of bye-laws for the purpose of conforming with amendments made to the Listing Rules and the Companies Act 1981 of Bermuda. The new set of the Company's bye-laws is available on the websites of the Company and the Stock Exchange.

Shareholders Relations

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. The commitment to fair disclosure and comprehensive and transparent reporting of the Company's activities can be reflected in many aspects.

In endeavouring to maintain an on-going dialogue with shareholders, the annual general meeting provides a useful forum for shareholders to exchange views with the Board.

The proceedings of the annual general meeting are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The annual general meeting circular, which is circulated to all shareholders at least 21 days prior to the holding of the annual general meeting, sets out the details in relation to each resolution proposed, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. At the Company's 2017 annual general meeting, all the resolutions were put to the vote by poll and Tricor Secretaries Limited, the Company's Hong Kong Branch Share Registrar, was engaged as scrutineer to ensure the votes were properly counted. The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meeting are contained in the Company's Bye-laws.

The Company also communicates to its shareholders through its annual, interim and quarterly reports.

Conclusion

The Company believes that good corporate governance is significant in maintaining investor confidence and attracting investment. The Management will devote considerate effort to strengthen and improve the standards of the corporate governance of the Group.

Environmental, Social and Governance Report

In accordance with Appendix 27 – Environmental, Social and Governance Reporting Guide of the Listing Rules issued by the Stock Exchange, the Company presents this Environmental, Social and Governance ("ESG") Report for the year ended 31 March 2018 ("Reporting Period").

This report serves the purposes of introducing the Company's ESG policies, activities and performances of its principal business of provision of financial leasing and other financial services, provision of consultancy services, advertising and media related services, provision of project management services, travel agency and related operations.

To determine the materiality and identify material ESG issues, we have engaged and discussed with various management personnel and other internal key stakeholders. The summary of material ESG issues of the Company is listed below:

Environmental Protection

The Group is committed to build a better environment by adopting an environmental friendly approach in its business operation and always acting in an environmentally responsible manner. Recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy, resulted in more efficient use of resources, as well as reduction of waste.

Due to the nature of the business of the Group, the Directors are of the opinion that no specific laws and regulations related to environmental protection has significant impact on the operations of the Group.

Employment

The Group promotes fair competition and prohibits discrimination against any employee on his/her gender, age, marital status, religion, race, nationality, disability or any status protected by law.

Equal opportunities principles are applied in all employment policies, in particular to recruitment, training, career development and promotion of employees. Remuneration and benefit packages of employees are structured in accordance with market terms with regard to individual responsibility and performance. All eligible employees in Hong Kong are enrolled in a defined contribution mandatory provident fund scheme.

The Group has complied with relevant labour regulations, government regulations in China. The Group does not employ staffs who are below 18 years of age. No employee is paid less than the minimum wage specified by the government regulations.

During recruitment process, verification of applicant's identity information is required and recruitment of child labour is strictly prohibited. Applicant is also required to provide document proofs of academic qualifications and working experience for verifications, applicant who is suspected to have false academic qualifications and working experience would not be employed. The Group enters employment contract with each of its employee in accordance with relevant laws and regulations in its operating jurisdiction and also prohibits forced labour.

The Group values employee satisfaction and encourage its staff to provide feedback. The Group has channels such as a whistle blowing system in place for its employees to express grievances and complaints which will be dealt with fairly according to the predetermined procedures to ensure equality to all employees.

Healthy and Safe Working Environment

The Group is committed to providing a healthy and safe workplace for employees. Safety guidelines are formulated and communicated to employees. Employees are encouraged to participate in occupational health and safety courses. Regular checks on facilities and equipment located at the workplace have been carried out to ensure the provision of a safe environment to employees, tenants, workers and members of the general public. During the year, there were no major accidents and work related injuries in the office.

Development and Training

The Group encourages sustainable learning of its employees through coaching and further studies. In-house training and online learning materials are provided for employees. Training subsidy is provided to employees on a merit basis.

Supply Chain Management

Sound supply chain management ensures the Group to sustain its business operations and development. As well as leveraging our extensive network of information technology distribution, we have maintained strong relationships with our suppliers. When selecting suppliers, the Group takes factors into account such as quality of products and functionality, price, reliability and anticipated market acceptance. The Group expects suppliers to observe the environmental, social, health and safety and governance considerations in their operations.

Product Responsibility

The Company ensure our products and services comply with related local laws and international standards. Any acts that destroy customer confidence or infringe customer rights are strictly prohibited. During the year, the Company was involved in any non-compliance cases in respect of product and services-related laws and regulations.

Anti-Corruption

The Group is committed to maintaining high ethical standards, professionalism and integrity in its business operation. There is a whistle blowing system in place which allows employees to report without fear of retaliation any suspected wrongdoing or malpractice within the Group to the Executive Directors or the Audit Committee. During the year, there were no reported instances on fraud, corruption or any wrongful act.

Community Investment

The Group cares for the community and encourages employees to actively participate in corporate social responsibility ("CSR") activities.

Compliance

During the year, the Group was not aware of any non-compliance with any relevant environmental and social regulatory laws and regulations that might have a significant impact on the businesses of the Group.

Report of the Directors

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

Principal activities and geographical analysis of operations

The principal activities of the Group are provision of financial leasing and other financial services and advertising and media related services. Details of the activities of its subsidiaries are set out in note 42 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the group and an indication of likely future developments in the group's business, can be found in the "Management Discussion and Analysis" section set out on pages 5 to 11 of this report. This discussion forms part of this director's report.

An analysis of the Group's revenue for the year by geographic segment is set out in note 10 to the consolidated financial statements.

Results

The results of the Group for year ended 31 March 2018 are set out in the consolidated statement of profit or loss on page 35 of this annual report.

The directors do not recommend the payment of any dividend in respect of the year.

Financial summary

The summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 136 of this annual report.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 19 to the consolidated financial statements.

Share capital and share options

Details of the movements in the Company's share capital and share options during the year are set out in notes 33 and 41 to the consolidated financial statements respectively.

Reserves

Details of the movement in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 39 of this annual report and note 43 to the consolidated financial statements respectively.

Purchase, sale or redemption of shares

During the year ended 31 March 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Convertible bonds

There are no outstanding convertible bonds during the year ended 31 March 2018.

Distributable reserves

There are no reserves available for distribution to the Company's shareholders at 31 March 2018 (2017: HK$Nil).

Charitable donations

Charitable donations made by the Group during the year amounted to HK$Nil (2017: HK$Nil).

Events after the reporting period

There are no significant events occurring after the reporting period date.

Sufficiency of public float

The Company has maintained a sufficient public float throughout the year ended 31 March 2018.

Report of the Directors

Permitted Indemnity Provisions

At no time during the financial year and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Directors

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

Executive Directors

Mr. Lien Wai Hung	
Mr. Wu Xiaoming	
Mr. Zhang Zihong	(appointed on 3 April 2018)
Dr. Shen Furong	(resigned on 13 April 2018)
Mr. Wei Shu Jun	(resigned on 13 April 2018)
Ms. Zhu Qi	(resigned on 3 April 2018)

Non-executive Director

Mr. Zhang Xiongfeng	(appointed on 3 April 2018)

Independent non-executive Directors

Dr. Zhang Wei	(appointed on 1 November 2017)
Dr. Li Zhan	(appointed on 1 February 2018)
Mr. Law Yui Lun	(appointed on 1 November 2017)
Mr. Chong Yiu Kan, Sherman	(retired on 28 September 2017)
Ms. Chan Wing Yan, Carman	(resigned on 21 November 2017)
Mr. Yeung Kwong Wai	(resigned on 16 March 2018)
Mr. Wang Hsiang Hung	(resigned on 13 April 2018)

In accordance with article 84(1) of the Company's bye-laws, Mr. Lien Wai Hung would retire from office by rotation at the annual general meeting. Mr. Lien Wai Hung would retire and, being eligible, offer themselves for re-election.

In accordance with article 83(2) of the Company's bye-laws, Mr. Zhang Zihong, Mr. Zhang Xiongfeng, Dr. Zhang Wei, Dr. Li Zhan and Mr. Law Yui Lun shall retire from office as an executive Director, a non-executive Director and independent non-executive Directors respectively. Mr. Zhang Zihong, Mr. Zhang Xiongfeng, Dr. Zhang Wei, Dr. Li Zhan and Mr. Law Yui Lun who, being eligible, will offer themselves for re-election as an executive Director, a non-executive Director and independent non-executive Directors respectively.

Directors' service contracts

Mr. Wu Xiaoming was appointed as an executive Director of the Company for a term of 3 years commencing from 30 September 2016, subject to retirement by rotation and re-election, in accordance with the bye-laws of the Company. Mr. Wu's remuneration will be director fee of HK$50,000 and salary of HK$120,000 per month.

Mr. Zhang Zihong was appointed as an executive Director of the Company for a term of 3 years commencing from 4 April 2018, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Zhang's remuneration will be director fee of HK$50,000 per month.

Mr. Zhang Xiongfeng was appointed as a non-executive Director of the Company for a term of 3 years commencing from 4 April 2018, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Zhang's remuneration will be director fee of HK$30,000 per month.

Dr. Zhang Wei was appointed as an independent non-executive Director of the Company for an initial term of three years commencing from 1 November 2017, subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Dr. Zhang Wei shall receive a remuneration of HK$30,000 per month.

Dr. Li Zhan was appointed as an independent non-executive Director of the Company for an initial term of three years commencing from 1 February 2018, and is subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Dr. Li shall receive a remuneration of HK$30,000 per month.

Mr. Law Yui Lun was appointed as an independent non-executive Director of the Company for an initial term of three years commencing from 1 November 2017, subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Mr. Law shall receive a remuneration of HK$30,000 per month.

Save as disclosed above, none of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at 31 March 2018, the interests and short position of the the Directors, chief executives and supervisors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed, to have such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, are as follows:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of director	Personal Interest	Percentage of the Company's issued share capital
Mr. Wu Xiaoming	508,000,000 (Note)	15.67%

Note

Mr. Wu Xiaoming ("Mr. Wu"), an executive director of the Company, entered into a sale and purchase agreement with a wholly-owned subsidiary of China Smartpay Group Holdings Limited (the "Vendor") on 28 September 2017, pursuant to which the Vendor has agreed to sell, and Mr. Wu has agreed to purchase 508,000,000 ordinary shares of the Company. Mr. Wu is deemed to be interested in 508,000,000 shares upon entering of the abovementioned sale and purchase agreement.

Share option schemes

Particulars of the Company's share option schemes are set out in note 41 to the consolidated financial statements.

Arrangement to purchase shares or debentures

Other than the share option schemes disclosed above and in note 41 to the consolidated financial statements respectively, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interest in contracts

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Competing interests

At 31 March 2018, none of the directors, the substantial shareholders nor their respective associates had an interest in any business which competes or may compete with the business of the Group pursuant to Rule 11.04 of the GEM Listing Rules.

Substantial shareholders

At 31 March 2018, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the following shareholder had an interest of 5% or more in the issued share capital of the Company:

Long position in ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Interest in Shares	Percentage of the Company's issued share capital
China Smartpay Group Holdings Limited	Beneficial owner	508,000,000	15.67%

Save as disclosed above, at 31 March 2018, the Company has not been notified by any persons (other than the directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Retirement benefits scheme

Particulars of the retirement benefits scheme of the Group are set out in note 40 to the consolidated financial statements.

Audit committee

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises of three independent non-executive directors and one non-executive director namely, Mr. Law Yui Lun, Dr. Zhang Wei, Dr. Li Zhan and Mr. Zhang Xiongfeng. During the year, the audit committee held 4 meetings to review the Group's annual report, half-year report and quarterly reports.

Remuneration committee

A remuneration committee has been established with written terms of reference in accordance with the requirements of the Corporate Governance Code Provisions. The remuneration committee comprises three independent non-executive directors, namely Dr. Li Zhan, Mr. Law Yui Lun and Dr. Zhang Wei who is the chairman of the remuneration committee and two executive directors, Mr. Lien Wai Hung and Mr. Wu Xiaoming. The principal responsibilities of the remuneration committee include recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management, the determination of specific remuneration packages of all executive directors and senior management, and to review and approve performance-based remuneration.

Nomination committee

A nomination committee has been established with written terms of reference in accordance with the requirements of the Corporate Governance Code Provisions. The nomination committee comprises three independent non-executive directors, namely Dr. Zhang Wei, Mr. Law Yui Lun and Dr. Li Zhan who is the chairman of the nomination committee and two executive directors, Mr. Lien Wai Hung and Mr. Zhang Zihong. The roles and functions of the nomination committee include nomination of potential candidates for directorship, reviewing the nomination of the Directors and making recommendations to the Board for ensuring that all nominations are fair and transparent.

Compliance with Rules 5.48 to 5.67 of the GEM Listing Rules

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors have complied with such code of conduct and the required standard of dealings regarding directors' securities throughout the year ended 31 March 2018.

Confirmation of independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

Auditors

The account for the year ended 31 March 2018 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Lien Wai Hung
Chairman

Hong Kong, 28 June 2018

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

To the Shareholders of Zhi Cheng Holdings Limited
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Zhi Cheng Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 135, which comprise the consolidated statements of financial position as at 31 March 2018, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting polices.

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 "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment on goodwill	
Refer to note 20 and the accounting policies in note 4 to the consolidated financial statements.	
The Group has goodwill with carrying amounts of approximately HK$17,221,000 which is allocated to the cash-generating-units of advertising and media related services ("CGUs") as at 31 March 2018. Management performed impairment assessment of CGUs and concluded that no impairment of the goodwill is necessary to provide. This conclusion was based on value-in-use model that required management judgement with respect to the discount rate and underlying cash flows, in particular future revenue growth and capital expenditure. Independent external valuation report was obtained in order to support management's estimates.	Our procedures in relation to the management's impairment assessment included: • Evaluating the independent external valuer's competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the relevant industry and using our valuation experts; • Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and • Checking on a sample basis, the accuracy and relevance of the input data used. We found the key assumptions were supported by the available evidence.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment on trade receivables, other receivables and loan receivables Refer to note 22 and the accounting policies in note 4 to the consolidated financial statements.	
The Group has trade receivables, other receivables and loan receivables of approximately HK$26,737,000, HK$78,496,000 and HK$69,549,000 respectively as at 31 March 2018. Management judgement is required in assessing and determining the recoverability of trade receivables, other receivables and loan receivables and adequacy of allowance made. The judgement mainly includes estimating and evaluating expected future receipts from customers and other debtors based on past payment trend, age of the debtors, knowledge of the customers' and other debtors' business and financial condition.	Our procedures in relation to the management's impairment assessment included: • Discussing the Group's procedures on credit limits and periods given to customers with the management; • Evaluating the management's impairment assessment on trade receivables, other receivables and loan receivables; • Assessing, validating and discussing with the management and evaluating their assessment on the recoverability of the outstanding debts and the adequacy of allowance made based on the trade receivables, other receivables and loan receivables ageing analysis, collections subsequent to the end of the reporting period, past collection history and trend analysis and knowledge of the businesses, with focus on long outstanding debts and debts which are past due but not impaired; and • Checking on a sample basis, the accuracy and relevance of information included in the impairment assessment of trade receivables, other receivables and loan receivables. We consider the management conclusion to be consistent with the available information.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. ("Other Information")

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 AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITORS’ 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 auditors’ report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda 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 exits. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, 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 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 auditors’ 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 auditors’ 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 28 June 2018

Consolidated Statement of Profit or Loss

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Continuing operations			
Revenue	8	**69,218**	47,648
Cost of sales		**(46,769)**	(30,661)
Gross profit		**22,449**	16,987
Other income and gains, net	9	**4,649**	5,694
Administrative expenses		**(81,344)**	(134,043)
Gain on disposal of subsidiaries	35	**8,974**	476
(Loss)/gain arising on change in fair value of financial assets at fair value through profit or loss		**(1,957)**	505
Loss from operations	11	**(47,229)**	(110,381)
Finance costs	12	**(5,160)**	(3,480)
Loss before taxation		**(52,389)**	(113,861)
Income tax expense	13	**(697)**	(1,525)
Loss for the year from continuing operations		**(53,086)**	(115,386)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	14	**359**	(456)
Loss for the year		**(52,727)**	(115,842)
Loss for the year attributable to:			
Owners of the Company		**(60,037)**	(113,701)
Non-controlling interests		**7,310**	(2,141)
		(52,727)	(115,842)
Loss per share	18		
From continuing and discontinued operations			
Basic and diluted		**HK(2.01) cents**	HK(4.36) cents
From continuing operations			
Basic and diluted		**HK(2.02) cents**	HK(4.34) cents

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Loss for the year	**(52,727)**	(115,842)
Other comprehensive income/(expense) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**46,787**	(9,860)
Reclassification of translation reserve upon disposal of subsidiaries	**–**	(1,017)
Other comprehensive income/(expense) for the year, net of income tax	**46,787**	(10,877)
Total comprehensive expense for the year	**(5,940)**	(126,719)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(19,233)**	(123,870)
Non-controlling interests	**13,283**	(2,849)
	(5,940)	(126,719)

Consolidated Statement of Financial Position

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	19	**7,728**	11,734
Goodwill	20	**17,221**	17,221
Available-for-sale financial assets		**200**	–
Finance lease receivables – net	24	**–**	5,604
		25,149	34,559
Current assets			
Trade and other receivables and deposits	22	**336,243**	294,545
Deposit for film production	23	**191,286**	123,624
Deposit for purchase of film rights		**40,426**	30,481
Finance lease receivables – net	24	**6,315**	20,464
Financial assets at fair value through profit or loss	27	**2**	5,189
Bank balances and cash	28	**16,404**	13,310
		590,676	487,613
Current liabilities			
Trade and other payables	29	**78,278**	46,644
Corporate bond	30	**–**	7,706
Other borrowings	31	**20,688**	21,409
Obligation under finance leases	32	**399**	472
Tax payable		**5,606**	4,579
		104,971	80,810
Net current assets		**485,705**	406,803
Total assets less current liabilities		**510,854**	441,362

Consolidated Statement of Financial Position

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Capital and reserves			
Share capital	33	**32,409**	27,773
Reserves		**452,274**	389,479
Equity attributable to owners of the Company		**484,683**	417,252
Non-controlling interests		**18,316**	5,033
		502,999	422,285
Non-current liabilities			
Other payable	29	**–**	11,281
Other borrowings	31	**7,505**	6,768
Obligation under finance leases	32	**350**	1,028
		7,855	19,077
		510,854	441,362

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 June 2018 and signed on its behalf by:

Lien Wai Hung
Director

Wu Xiaoming
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Issued capital	Share premium	Contributed surplus	Share-based compensation reserve	Statutory reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		Note (i)	*Note (ii)*	*Note (iii)*	*Note (iv)*	*Note (v)*				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2016	25,809	1,608,966	325,798	13,834	1,687	7,572	(1,529,234)	454,432	7,882	462,314
Loss for the year	–	–	–	–	–	–	(113,701)	(113,701)	(2,141)	(115,842)
Other comprehensive expense for the year										
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	(9,152)	–	(9,152)	(708)	(9,860)
Reclassification of translation Reserve upon disposal of subsidiaries	–	–	–	–	–	(1,017)	–	(1,017)	–	(1,017)
Total comprehensive expense for the year	–	–	–	–	–	(10,169)	(113,701)	(123,870)	(2,849)	(126,719)
Transfer of statutory reserve	–	–	–	–	33	–	(33)	–	–	–
Disposal of subsidiaries	–	–	–	–	(402)	–	402	–	–	–
Recognition of equity-settled share-based payments	–	–	–	32,680	–	–	–	32,680	–	32,680
Lapse of share options	–	–	–	(6,002)	–	–	6,002	–	–	–
Exercise of share options	1,964	76,923	–	(24,877)	–	–	–	54,010	–	54,010
At 31 March 2017 and 1 April 2017	27,773	1,685,889	325,798	15,635	1,318	(2,597)	(1,636,564)	417,252	5,033	422,285
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(60,037)**	**(60,037)**	**7,310**	**(52,727)**
Other comprehensive income/(expense) for the year										
Exchange differences on translation of financial statements of overseas subsidiaries	**–**	**–**	**–**	**–**	**–**	**40,814**	**–**	**40,814**	**5,973**	**46,787**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**40,814**	**(60,037)**	**(19,223)**	**13,283**	**(5,940)**
Lapse of share options	**–**	**–**	**–**	**(2,304)**	**–**	**–**	**2,304**	**–**	**–**	**–**
Exercise of share options	**136**	**7,247**	**–**	**(2,308)**	**–**	**–**	**–**	**5,075**	**–**	**5,075**
Placing of shares	**4,500**	**80,100**	**–**	**–**	**–**	**–**	**–**	**84,600**	**–**	**84,600**
Share issuing expense	**–**	**(3,021)**	**–**	**–**	**–**	**–**	**–**	**(3,021)**	**–**	**(3,021)**
At 31 March 2018	**32,409**	**1,770,215**	**325,798**	**11,023**	**1,318**	**38,217**	**(1,694,297)**	**484,683**	**18,316**	**502,999**

Notes:

(i) Share premium

After the change of domicile, the application of share premium account is governed by the relevant provisions set out in the Company's Bye-laws and the Companies Act.

(ii) Contributed surplus

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganisation of the Group.

The contributed surplus of the Company represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued in exchange pursuant to the reorganisation of the Group.

(iii) Share-based compensation reserve

The share-based compensation reserve of the Company and the Group arise on the grant of share options of the Company and is dealt with in accordance with the accounting policies set out in note 4.

(iv) Statutory reserve

The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve can be used to make up prior year losses, if any, and can be applied in conversion into the PRC subsidiaries' capital by means of capitalisation issue.

(v) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4.

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Operating activities		
Loss before taxation from continuing operations	**(52,389)**	(113,861)
Profit/(loss) before taxation from discontinued operations	**359**	(456)
Adjustments for:		
Interest income	**(22)**	(41)
Interest income on loan to independent third parties	**(1,871)**	(2,512)
Interest expenses	**5,160**	3,480
Depreciation of property, plant and equipment	**3,060**	3,433
Loss on disposal of property, plant and equipment	**154**	–
Gain on disposal of subsidiaries	**(9,633)**	(951)
Loss/(gain) arising on change in fair value of financial assets of fair value through profit or loss	**1,957**	(505)
Share-based payments expense	**–**	32,680
Operating cash flow before movements in working capital	**(53,225)**	(78,733)
Increase in trade and other receivables	**(6,986)**	(104,313)
Increase in deposit for film production	**(51,554)**	(107,884)
Increase in deposit for purchase of film rights	**(6,629)**	(31,500)
Decrease/(increase) in finance lease receivables – net	**21,480**	(10,026)
Increase in trade and other payables	**13,726**	17,543
Cash used in operating activities	**(83,188)**	(314,913)
Tax paid	**(74)**	(534)
Net cash used in operating activities	**(83,262)**	(315,447)

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Investing activities		
Interest received	**1,893**	2,553
Net cash inflow from acquisition of subsidiaries	**–**	66
Acquisition of available-for-sale financial assets	**(200)**	–
Acquisition of financial assets at fair value through profit or loss	**(2,431)**	(4,663)
Proceeds from disposal of financial assets at fair value through profit or loss	**5,942**	–
Proceeds from disposal of property, plant and equipment	**5**	–
Proceeds from promissory note receivable	**–**	15,000
Net cash (outflow)/inflow from disposal of subsidiaries	**(258)**	22,690
Purchase of property, plant and equipment	**(819)**	(12,006)
Net cash generated from investing activities	**4,132**	23,640
Financing activities		
Interest expenses paid	**(4,441)**	(2,051)
Proceeds from other borrowings	**20,000**	29,099
Repayment of corporate bond	**(8,425)**	(2,600)
Repayment of other borrowings	**(11,370)**	–
Exercise of share options	**5,075**	–
Share issuing expense	**(3,021)**	–
Obligation under finance lease raised	**–**	1,813
Repayment of obligation under finance lease	**(234)**	(287)
Proceeds from issue of shares	**84,600**	54,010
Net cash generated from financing activities	**82,184**	79,984
Net increase/(decrease) in cash and cash equivalents	**3,054**	(211,823)
Cash and cash equivalents at beginning of the year	**13,310**	226,503
Effect of foreign exchange rate changes	**40**	(1,370)
Cash and cash equivalents at end of the year		
Cash and cash equivalents to the Group	**16,404**	13,310

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 9 November 2001 and continued in Bermuda on 20 April 2009. The Company's shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 August 2002. Details of substantial shareholders of the Company are disclosed in the paragraph headed "substantial shareholders" in the section headed "Report of the Directors".

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 2602, 26/F, China Insurance Group Building, 141 Des Voeux Road Central, Central, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 42.

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA") for the first time in the current year.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to Hong Kong Accounting Standard ("HKAS") 7 "Disclosure Initiative"

The Group has applied the amendments to HKAS 7 Disclosure Initiative for the first time in the current year. The amendments 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.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note to the financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note to the financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

Except as described above, the application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

Amendments to HKAS 19	Plan amendment, curtailment and settlement[2]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKAS 40	Transfer of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual period beginning on or after 1 January 2021

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs *(continued)*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

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

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs *(continued)*

HKFRS 9 Financial Instruments *(continued)*

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, they do not anticipate that the application of HKFRS 15 will have a material financial impact on the timing and amounts of revenue recognised in the respective reporting periods.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs *(continued)*

HKFRS 16 Leases

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

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these consolidated financial statements. As at 31 March 2018, the Group's future minimum lease payments under non-cancellable operating leases is approximately HK$23,634,000. The directors of the Company do not expect the application of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result, but it is expected that certain portion of the lease commitments will be regarded to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The Group is in the process of assessing the potential impact of the other new and revised HKFRSs upon initial application but is not yet in a position to state whether the above new and revised HKFRSs, will have a significant impact on the Group's results of operations and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, "HKASs" and Interpretations ("Ints") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of preparation

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 7.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of preparation *(continued)*

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combination *(continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combination *(continued)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Non-current assets held for sale

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, except that when an item of property, plant and equipment is classified as held for sale, when it is not depreciated and is measured at the lower of carrying amount and fair value less costs to sell. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms or 20%
Showroom equipment	33%
Office equipment	20% – 33%
Furniture and fixtures	20% – 33%
Motor vehicles	20% – 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets

The Group's financial assets are classified into following specified categories, including loans and receivables, financial assets at fair value through profit or loss ("FVTPL") and available-for-sale financial assets ("AFS"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Loans and receivables

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

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading or (ii) it is designated as at FVTPL. A financial asset is classified as held for trading if:

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Available-for-sale financial assets

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

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets *(continued)*

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Other financial liabilities

Other financial liabilities including trade and other payables, other borrowings, obligation under finance leases and corporate bond are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis for financial liabilities.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition *(continued)*

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

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Film rights

Film rights represent films produced by the Group or acquired by the Group which are initially recognised at cost.

Film rights purchased through acquisition are initially measured as the fair value of the consideration given for the recognition of the film rights.

Film rights are stated at cost less accumulated amortisation and accumulated impairment losses. The cost of film rights are amortised over their estimated useful lives upon release of the film. Film rights not ready for release are not subject to amortisation and are tested annually for impairment.

The carrying amount of film rights is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Film production in progress

Film production in progress are accounted for on a film-by-film basis and are stated at cost less accumulated impairment losses, if any. Cost of film production in progress includes production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of a film. Upon completion, these films under production are reclassified as film rights.

Revenue recognition

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

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated statement of profit or loss as follows:

Provision of medical information digitalisation system ("MIDS")

Revenue from provision of MIDS is recognised on the transfer of risks and rewards of ownership which generally coincide with the time where the systems are delivered, installed and title passed.

Provision of consultancy services

Revenue from consultancy services is recognised when the services are rendered.

Provision of advertising and media related services

Revenue from provision of advertising and media related services is recognised when the services are rendered.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Provision of project management services

Revenue from provision of project management services is recognised when the services are rendered.

Provision of travel agency and related operation

Revenue from provision of travel agency service is recognised when air ticketing and air/hotel packages sold.

Provision of finance lease income

Revenue from finance leases is recognised over the lease term on a systematic and rational basis so as to produce a constant rate of return on the net investment in the finance lease.

Interest income

Interest income is recognised as it accrues using the effective interest method.

Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

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

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Company's subsidiaries operating in the PRC are members of retirement benefits schemes (the "PRC RB Schemes") managed by the local municipal governments. The PRC subsidiaries are required to contribute to the PRC RB Schemes to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefit obligation of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the PRC RB Schemes is to meet the required contributions under the PRC RB Schemes. The contribution are charged to the profit or loss as they become payable in accordance with the relevant laws and regulations of the PRC.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share-based payments

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

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

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Taxation

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Taxation *(continued)*

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

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

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

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions and contingent liabilities

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

A related party is a person or entity that is considered to be related to the Group if:

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

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

   (ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

5. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2018.

The directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

5. CAPITAL MANAGEMENT *(continued)*

Gearing ratio

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The gearing ratios at 31 March 2018 and 31 March 2017 were as follows:

	The Group	
	2018	2017
	HK$'000	HK$'000
Total debt (Note a)	**107,220**	95,308
Less: cash and cash equivalents	**(16,404)**	(13,310)
Net (cash)/debt	**90,816**	81,998
Equity (Note b)	**502,999**	422,285
Net debt to equity ratio	**18.1%**	19.4%
Total debt to equity ratio	**21.3%**	22.6%

Notes:

(a) Debt included trade and other payables, corporate bond, other borrowings and obligation under finance leases, as detailed in notes 29, 30, 31 and 32.

(b) Equity included all capital and reserves of the Group.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group	
	2018	2017
	HK$'000	HK$'000
Financial assets		
Available-for-sale investments	**200**	–
Financial assets at fair value through profit or loss	**2**	5,189
Loans and receivables (including cash and cash equivalents)	**582,684**	478,913
Financial liabilities		
Financial liabilities at amortised cost	**107,220**	94,846

6. FINANCIAL INSTRUMENTS *(continued)*

Categories of financial instruments *(continued)*

Details of the financial instruments for both the Group and the Company are disclosed in respective notes to the financial statements. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's and the Company's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively;
- the fair values of derivative instruments are calculated using quoted prices. When such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At March 2018				
Assets				
Financial assets at fair value through profit or loss	**2**	**–**	**–**	**2**
At March 2017				
Assets				
Financial assets at fair value through profit or loss	5,189	–	–	5,189

There were no transfer between Level 1, 2 and 3 in both years.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade and other receivables, finance lease receivables – net, promissory note receivable, bank balances and cash, trade and other payables, other borrowings and corporate bond. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management of the Company has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, the credit periods usually vary from one month to twelve months depending on the nature of the business. Extension may be granted to major customers and each customer is granted a maximum credit limit. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and also taking into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Given the constant repayment history, the directors are of the option that the risk of default by these counter parties is not significant. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted and all overdue balances are reviewed regularly by the management of the Company. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry and country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group has certain concentration of credit risk as 38.2% (2017: 10.4%) and 87.8% (2017: 23.4%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

The Group deposited its cash and cash equivalents with approved and reputable banks. Bankruptcy or insolvency of the bank may cause the Group's right with respect to cash and cash equivalents held to be delayed or limited. Management of the Company monitors the credit rating of these banks on an ongoing basis, and considers that the Group's exposure to credit risk at 31 March 2018 and 2017 were minimal.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables is disclosed in note 22 to the consolidated financial statements respectively.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group held cash and cash equivalents amounting to approximately HK$16,404,000 at 31 March 2018 (2017: HK$13,310,000).

The following table details the Group's remaining contractual maturity at the end of the reporting period of the Group's financial liabilities based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group required to pay. The analysis is performed on the same basis for 2017.

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2018							
Trade and other payables	**–**	**78,278**	**–**	**–**	**–**	**78,278**	**78,278**
Other borrowings	**10.7**	**21,387**	**7,505**	**–**	**–**	**28,892**	**28,193**
Obligation under finance leases	**14.4**	**448**	**354**	**–**	**–**	**802**	**749**
		100,113	**7,859**	**–**	**–**	**107,972**	**107,220**
2017							
Trade and other payables	–	46,182	11,281	–	–	57,463	57,463
Corporate bond	15.0	8,000	–	–	–	8,000	7,706
Other borrowings	9.9	22,876	7,112	–	–	29,988	28,177
Obligation under finance leases	10.0	586	1,121	–	–	1,707	1,500
		77,644	19,514	–	–	97,158	94,846

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and cash flow interest rate risk in relation to variable-rate bank loan and bank balances. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The Group's interest rate profile as monitored by management is set out below.

	2018 Weighted average effective interest rate		2017 Weighted average effective interest rate	
	%	**HK$'000**	%	HK$'000
Variable rate:				
Bank balance	**1**	**16,260**	1	13,145

Sensitivity analysis

The loan to an independent third party and convertible bonds of the Group which are fixed rate instruments are insensitive to any change in interest rates. A change in interest rates at the end of the reporting period would not affect profit or loss.

At 31 March 2018, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable-rate bank balances and bank loan, with all other variables held constant, would decrease/increase the Group's loss after taxation and accumulated losses by approximately HK$163,000 (2017: HK$131,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2017.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash and bank balance that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transaction relate. The currencies giving rise to this risk are primarily HK$,Renminbi ("RMB") and United States Dollars ("USD").

Certain cash and bank balances are denominated in RMB and USD. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC. The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB and USD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Assets	
	2018	2017
	HK$'000	HK$'000
RMB	**18**	32
USD	**492**	487

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Foreign currency risk *(continued)*

Sensitivity analysis *(continued)*

The following table details the Group's sensitivity to a 5% increase and decrease in the HK$ against the relevant foreign currencies. As HK$ are pegged to USD, it is assumed that there would be no material currency risk exposure between these two currencies and therefore is excluded from the analysis below. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where the relevant currencies strengthen 5% against HK$. For a 5% weakening of the relevant currencies against HK$, there would be an equal and opposite impact on the profit and the balances below would be negative.

	Profit/(loss)	
	2018	2017
	HK$'000	HK$'000
Impact of RMB	**1**	2
Impact of USD	**25**	24

The Group's sensitivity to foreign currency has decreased during the current year mainly due to the decrease in non-functional currency denominated monetary net assets.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 to 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 discussed below:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and in the future period.

Impairment of property, plant and equipment

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

Impairment of trade and other receivables

The Group's management determines impairment of trade and other receivables on a regular basis. The estimate is based on the credit history of its customers and current market conditions. The management of the Group reassesses the impairment of trade receivables at the end of reporting period.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Impairment of film rights

At the end of each reporting period, management performs review of the carrying amount of each film rights by reference to its estimated total projected revenues from each film, which is based on the historical performance and incorporating factors such as the past box office record of the lead actors and actresses, the genre of the film, prerelease market research, the expected number of theatres that the film will be released to and the anticipated performance in the home entertainment, television and other ancillary markets, and agreement for future sales. The residual values of each film rights are continually evaluated based on the changes in consumer demand.

Impairment of film production in progress

Management regularly reviews the recoverability of the Group's film production in progress with reference to its intended use and current market environment and its expectation of future income to be generated from these films. In determining the recoverable amounts of the film production in progress, the Group takes into consideration of the distribution and license agreements entered into by the Group or its co-investment partner and the current market environment to project the expected cash flows to be received through box office receipts and distribution and licensing income. Impairment is recognised when the recoverable amount is less than the carrying amounts of the film production in progress.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Income tax

Certain treatments adopted by the Company in its tax returns in the past years are yet to be finalised with the Hong Kong Inland Revenue Department and other jurisdiction. In assessing the Company's income tax and deferred tax during the current year, the Company has followed the tax treatments it has adopted in those tax returns, which may be different from the final outcome in due course.

Share-based payments

The fair value of option granted is estimated by independent professional valuers based on the various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options or share award at the date of granting.

8. REVENUE

Revenue represents the net amounts received and receivables from goods sold and rendering of services by the Group to customers, after allowances for returns and trade discounts where applicable and services rendered.

	2018 HK$'000	2017 HK$'000
Continuing operations		
Financial leasing and other financial services	**2,366**	5,555
Provision of advertising and media related services	**66,852**	42,093
Total	**69,218**	47,648

9. OTHER INCOME AND GAINS, NET

	2018 HK$'000	2017 HK$'000
Continuing operations		
Bank interest income	**22**	41
Interest income on loan to independent third parties	**1,871**	2,512
Management fee income	**865**	2,561
Loss on disposal of property, plant and equipment	**(154)**	–
Consultancy fee income	**1,683**	–
Other income	**362**	580
Total	**4,649**	5,694

10. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Advertising and media related services: Engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning in the PRC.

(ii) Financial leasing and other financial services: Provision of financial leasing and other financial services in the PRC.

Three operations (consultancy services, project management services and travel agency and related operations) were discontinued during the year ended 31 March 2018. The segment information reported does not included any amounts for those discontinued operations, which are described in note 14.

10. SEGMENT INFORMATION *(continued)*

For the purposes of assessing segment performances and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment revenue and results

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessments of segment performance for the years ended 31 March 2018 and 2017 is set out below:

	Advertising and media related services		Financial leasing and other financial services		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue						
Sales to external customers	**66,852**	42,093	**2,366**	5,555	**69,218**	47,648
Segment results	**3,479**	671	**(30,498)**	(31,831)	**(27,019)**	(31,160)
Unallocated other revenue and gains					**10,853**	3,786
Unallocated expenses					**(31,063)**	(83,007)
Loss from operations					**(47,229)**	(110,381)
Finance costs					**(5,160)**	(3,480)
Loss before taxation					**(52,389)**	(113,861)
Income tax					**(697)**	(1,525)
Loss for the year					**(53,086)**	(115,386)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

10. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 4. Segment results represent the profit/(loss) earned/(suffered) by each segment without allocation of central administration cost including directors' remuneration, other revenue and gains, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	Advertising and media related services		**Financial leasing and other financial services**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**382,798**	258,103	**165,979**	136,999	**548,777**	395,102
Unallocated assets					**67,048**	127,070
Total assets					**615,825**	522,172
Segment liabilities	**38,729**	23,039	**24,001**	23,649	**62,730**	46,688
Unallocated liabilities					**50,096**	53,199
Total liabilities					**112,826**	99,887

10. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

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

– all assets are allocated to reportable segments other than available-for-sale investments and other unallocated head office and corporate financial assets. Goodwill is allocated to reportable segments; and

– all liabilities are allocated to reportable segments other than current and deferred tax liabilities, other unallocated head office and corporate financial liabilities and borrowings.

Other segment information

	Advertising and media related services		Financial leasing and other financial services		Subtotal		Unallocated		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest expenses	**–**	–	**–**	–	**–**	–	**(5,160)**	(3,480)	**(5,160)**	(3,480)
Addition to non-current assets*	**(69)**	(3,688)	**(130)**	(7,107)	**(199)**	(10,795)	**(620)**	(1,211)	**(819)**	(12,006)
Depreciation of property, plant and equipment	**(891)**	(484)	**(1,184)**	(742)	**(2,075)**	(1,226)	**(985)**	(2,207)	**(3,060)**	(3,433)

* Non-current assets excluded those relating to financial instruments.

10. SEGMENT INFORMATION *(continued)*

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets* ("specified non-current assets"). The geographical location of customers is based on the location of the revenue derived, and the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

The Group operates in two principal geographical areas – Hong Kong and the PRC (excluding Hong Kong).

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets***	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**19,647**	22,751	**1,834**	3,980
The PRC	**49,571**	24,911	**23,115**	24,975
Total	**69,218**	47,662	**24,949**	28,955

* Non-current assets excluded those relating to financial instruments.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2018	2017
	HK$'000	HK$'000
Customer A[1]	**20,220**	18,653
Customer B[1]	**9,800**	N/A[2]
Customer C[1]	**9,702**	N/A[2]

1 Revenue from advertising and media related services

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

11. LOSS FROM OPERATIONS

The Group's loss from operation has been arrived at after charging:

	2018 HK$'000	2017 HK$'000
Continuing operations		
Auditors' remuneration		
Audit service	**1,113**	1,113
Non-audit service	**198**	250
Cost of sales	**46,769**	30,661
Depreciation of property, plant and equipment	**3,060**	3,433
Net foreign exchange loss	**3,611**	9,087
Minimum lease payment under operating lease on premises	**10,798**	11,372
Share-based payment expenses in respect of consultancy services	**–**	32,680
Staff costs (including directors' remuneration)		
Salaries and allowances	**33,246**	38,010
Contribution to retirement benefits scheme	**3,883**	5,384
	37,129	43,394

12. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Continuing operations		
Interest on corporate bond	**719**	1,429
Interest on other borrowings	**4,336**	1,957
Interest on obligation under finance leases	**105**	94
Total	**5,160**	3,480

13. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Continuing operations		
Current tax charged:		
Hong Kong Profits tax	**25**	44
PRC Enterprise Income Tax	**672**	1,481
Total tax charge	**697**	1,525

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Income tax for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	2018 HK$'000	2017 HK$'000
Loss before taxation	**(52,389)**	(113,861)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(10,852)**	(21,920)
Tax effect of income not taxable for tax purpose	**(1,471)**	(525)
Tax effect of expenses not deductible for tax purpose	**4,192**	9,194
Tax effect of tax losses not recognised	**8,828**	14,776
Income tax expense for the year	**697**	1,525

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profit earned by the PRC subsidiaries from 1 January 2009 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31 March 2018, the Group has unused tax losses of approximately HK$217,548,830 (2017: HK$177,267,000) available for offset against future profits. No deferred tax asset has been recognised in respect of unused tax loss due to the unpredictability of future profit streams and in relation to deductible temporary difference as it is not probable taxable profit will be available against which the deductible temporary differences can be utilised. Tax losses are available indefinitely for offsetting future taxable profit of the companies in which the losses arose except for the tax losses arising in the PRC of approximately HK$124,685,064 (2017: HK$99,027,000).

14. DISCONTINUED OPERATIONS

For the year ended 31 March 2018

Disposal of consultancy services operations

On 27 March 2018, the Company has entered into a sale and purchase agreement to dispose of its entire equity interest in Activepart Limited ("Activepart"), a wholly-owned subsidiary of the Company to an independent third party. The disposal was completed on 27 March 2018. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal are disclosed in note 35(d).

Analysis of profit for the year from consultancy services operations

The results of the discontinued operations (i.e. consultancy services operations) included in the loss for the year ended 31 March 2018 and 2017 are set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the consultancy services operation as a discontinued operation.

	2018	2017
	HK$'000	HK$'000
Loss for the year from consultancy services operations		
Revenue	**–**	–
Cost of sales	**–**	–
Gross profit	**–**	–
Administrative expenses	**(4)**	(6)
Gain on disposal of subsidiary	**1**	–
Loss from operations	**(3)**	(6)
Income tax expense	**–**	–
Loss for the year	**(3)**	(6)
Cash flow from consultancy services operations:		
Net cash outflows from operating activities	**–**	–

14. DISCONTINUED OPERATIONS *(continued)*

For the year ended 31 March 2018 *(continued)*

Disposal of project management services operations

On 27 March 2018, the Company has entered into a sale and purchase agreement to dispose of its entire equity interest in Easy Ace Limited ("Easy Ace"), a wholly-owned subsidiary of the Company to an independent third party. The disposal was completed on 27 March 2018. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal are disclosed in note 35(f).

Analysis of profit for the year from project management services operations

The results of the discontinued operations (i.e. project management services operations) included in the loss for the year ended 31 March 2018 and 2017 are set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the project management services operation as a discontinued operation.

	2018 **HK$'000**	2017 HK$'000
Loss for the year from project management services operations		
Revenue	**–**	–
Cost of sales	**–**	–
Gross profit	**–**	–
Administrative expenses	**(4)**	(98)
(Loss)/gain on disposal of subsidiary	**(6)**	657
(Loss)/profit from operations	**(10)**	559
Income tax expense	**–**	–
(Loss)/profit for the year	**(10)**	559
Cash flow from project management services operations:		
Net cash outflows from operating activities	**–**	–

14. DISCONTINUED OPERATIONS *(continued)*

For the year ended 31 March 2018 *(continued)*

Disposal of travel agency and related operations

On 27 March 2018, the Company has entered into a sale and purchase agreement to dispose of its entire equity interest in Global Brilliant Tours (HK) Limited ("Global Brilliant"), a wholly-owned subsidiary of the Company to an independent third party. The disposal was completed on 27 March 2018. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal are disclosed in note 35(c).

Analysis of profit for the year from travel agency and related operations

The results of the discontinued operations (i.e. travel agency and related operations) included in the loss for the year ended 31 March 2018 and 2017 are set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the travel agency and related operations as a discontinued operation.

	2018	2017
	HK$'000	HK$'000
Loss for the year from travel agency and related operations		
Revenue	**–**	14
Cost of sales	**–**	–
Gross profit	**–**	14
Other income	**–**	–
Administrative expenses	**(292)**	(642)
Gain on disposal of subsidiary	**664**	–
Profit/(loss) from operations	**372**	(628)
Income tax expense	**–**	–
Profit/(loss) for the year	**372**	(628)
Cash flow from travel agency and related operations:		
Net cash outflows from operating activities	**(6)**	(254)

14. DISCONTINUED OPERATIONS *(continued)*

For the year ended 31 March 2017

Disposal of MIDS operations

On 13 March 2015 and 26 March 2015, the Group entered into two disposal agreements with purchaser A and purchaser B to dispose of the entire registered capital of Jia Tai Hua Digital Technology (Tianjin) Company Limited* (嘉鈦華數碼科技（天津）有限公司) ("Jia Tai Hua") and Tianjin Yi Chen Electronic Technology Company Limited* (天津市逸晨電子科技有限公司) ("Yi Chen"), wholly-owned subsidiaries of the Company, which carried out the Group's MIDS operations at a consideration of HK$11,000,000 and HK$1,000,000 respectively. The disposals were completed in July 2016. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal are disclosed in notes 35(g) and (h).

Jia Tai Hua and Yi Chen carried out all of the Group's MIDS operations. The disposal of the Group's MIDS business is to streamline the Group's operations in the PRC.

Analysis of loss for the year from MIDS operations

The results of the discontinued operations, (i.e MIDS operations business) included in the loss for the year ended 31 March 2017 are set out below.

	2017 HK$'000
Loss for the year from MIDS operations	
Revenue	–
Cost of sales	–
Gross profit	–
Administrative expenses	(199)
Loss on disposal of subsidiaries	(182)
Loss from operations	(381)
Income tax expense	–
Loss for the year	(381)
Loss for the year from MIDS operations include the following:	
Minimum lease payment under operating lease on premises	27
Salaries and allowances	75
Contribution to retirement benefits schemes	28
Cash flow from MIDS operations:	
Net cash outflows from operating activities	(13)

15. DIRECTORS' REMUNERATION

Details of the remuneration paid to the directors of the Company are as follows:

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
For the year ended 31 March 2018				
Executive directors				
Mr. Lien Wai Hung	**1,320**	**–**	**–**	**1,320**
Mr. Wei Shu Jun (Note n)	**960**	**–**	**–**	**960**
Ms. Zhu Qi (Note a)	**600**	**–**	**–**	**600**
Dr. Shen Furong (Note b)	**1,380**	**–**	**–**	**1,380**
Mr. Wu Xiaoming (Note c)	**–**	**1,362**	**18**	**1,380**
Mr. Zhang Zihong (Note l)	**–**	**–**	**–**	**–**
Non-executive director				
Mr. Zhang Xiongfeng (Note m)	**–**	**–**	**–**	**–**
Independent non-executive directors				
Mr. Chong Yiu Kan, Sherman (Note k)	**71**	**–**	**–**	**71**
Ms. Chan Wing Yan, Carman (Note e)	**92**	**–**	**–**	**92**
Mr. Yeung Kwong Wai (Note f)	**138**	**–**	**–**	**138**
Mr. Wang Hsiang Hung (Note g)	**144**	**–**	**–**	**144**
Mr. Law Yui Lun (Note h)	**150**	**–**	**–**	**150**
Dr. Li Zhan (Note i)	**60**	**–**	**–**	**60**
Dr. Zhang Wei (Note j)	**150**	**–**	**–**	**150**
Total	**5,065**	**1,362**	**18**	**6,445**
For the year ended 31 March 2017				
Executive directors				
Mr. Lien Wai Hung	1,320	–	–	1,320
Mr. Wei Shu Jun	960	–	–	960
Ms. Zhu Qi (Note a)	600	–	–	600
Dr. Shen Furong (Note b)	955	–	–	955
Mr. Wu Xiaoming (Note c)	795	–	–	795
Independent non-executive directors				
Mr. Chong Yiu Kan, Sherman	144	–	–	144
Ms. Feng Lei (Note d)	75	–	–	75
Ms. Chan Wing Yan, Carman (Note e)	144	–	–	144
Mr. Yeung Kwong Wai (Note f)	144	–	–	144
Mr. Wang Hsiang Hung (Note g)	6	–	–	6
Total	5,143	–	–	5,143

15. DIRECTORS' REMUNERATION *(continued)*

Notes:

(a) Ms. Zhu Qi was appointed as executive director on 1 September 2015 and resigned on 3 April 2018.

(b) Dr. Shen Furong was appointed as executive director on 24 March 2016 and resigned on 13 April 2018.

(c) Mr. Wu Xiaoming was appointed as executive director on 30 September 2016.

(d) Ms. Feng Lei was appointed as independent non-executive director on 3 July 2015 and resigned on 7 October 2016.

(e) Ms. Chan Wing Yan, Carman was appointed as independent non-executive director on 3 July 2015 and resigned on 21 November 2017.

(f) Mr. Yeung Kwong Wai was appointed as independent non-executive director on 1 September 2015 and resigned on 16 March 2018.

(g) Mr. Wang Hsiang Hung was appointed as independent non-executive director on 17 March 2017 and resigned on 13 April 2018.

(h) Mr. Law Yui Lun was appointed as independent non-executive director on 1 November 2017.

(i) Dr. Li Zhan was appointed as independent non-executive director on 1 February 2018.

(j) Dr. Zhang Wei was appointed as independent non-executive director on 1 November 2017.

(k) Mr. Chong Yin Kan, Sherman retired as independent non-executive director on 28 September 2017.

(l) Mr. Zhang Zihong was appointed as executive director on 3 April 2018.

(m) Mr.Zhang Xiongfeng was appointed as non-executive director on 3 April 2018.

(n) Mr. Wei Shu Jun was resigned as executive director on 13 April 2018.

Mr. Lien Wai Hung is the chairman of the Company and his emoluments disclosed above include those for service rendered by him.

Mr. Wu Xiaoming is the chief executive director of the Company and his emoluments disclosed above include those for service rendered by him.

During the years ended 31 March 2018 and 2017, no emoluments or incentive payments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during the year.

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

16. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals during the year included three (2017: three) directors. Details of their remuneration are set out in note 15 to the consolidated financial statements.

The emoluments of the remaining two (2017: two) individuals with highest emoluments of which two (2017: two) are senior management for the years ended 31 March 2018 and 2017 were as follows:

	2018	2017
	HK$'000	HK$'000
Salaries and allowances	**2,513**	2,470
Retirement benefits scheme contribution	**–**	18
Total	**2,513**	2,488

The number of non-director, highest paid individuals whose remuneration fell within the following bands, is as follows:

	Number of employees	
	2018	2017
HK$1,000,000 to HK$1,500,000	**2**	2

Included in the five highest paid employees, the number of senior management (being the non-directors employees) whose remuneration fell within the following band is as follows:

	Number of employees	
	2018	2017
HK$1,000,000 to HK$1,500,000	**2**	2

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2017: HK$Nil).

At the end of the reporting period, there was no forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contribution payable in the futures years.

17. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: HK$Nil).

18. LOSS PER SHARE

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

From continuing and discontinued operations

	2018	2017
	HK$'000	HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(60,037)**	(113,701)

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,988,950,886**	2,610,664,654

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

18. LOSS PER SHARE *(continued)*

From continuing operations

	2018	2017
	HK$'000	HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(60,396)**	(113,245)

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,988,950,886**	2,610,664,654

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

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK0.01 cents per share (2017: loss per share of HK$0.02 cents per share), based on the profit for the year from the discontinued operations of approximately HK$359,000 (2017: loss of approximately HK$456,000).

During the year ended 31 March 2018 and 2017, the Company's outstanding share options are not included in the calculation of diluted earnings/(loss) per share because the effect of the Company's outstanding share options are anti-dilutive and therefore the diluted earnings/(loss) per share are the same as the basic earnings/(loss) per share.

The denominators used are the same as those detailed above for both basic and dilutive loss per share.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Showroom equipment HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 April 2016	2,851	202	–	837	6,548	10,438
Additions	3,557	996	2,400	1,348	3,705	12,006
Derecognition upon disposal of subsidiaries (Note 35)	–	178	–	–	–	178
Disposals	–	(175)	–	–	–	(175)
Exchange adjustments	(136)	(40)	–	(74)	(121)	(371)
At 31 March 2017 and 1 April 2017	6,272	1,161	2,400	2,111	10,132	22,076
Additions	**–**	**129**	**–**	**70**	**620**	**819**
Derecognition upon disposal of subsidiaries (Note 35)	**–**	**–**	**–**	**(41)**	**(4,675)**	**(4,716)**
Disposals	**(1,516)**	**(13)**	**–**	**(142)**	**(663)**	**(2,334)**
Exchange adjustments	**403**	**111**	**–**	**194**	**333**	**1,041**
At 31 March 2018	**5,159**	**1,388**	**2,400**	**2,192**	**5,747**	**16,886**
Accumulated depreciation and impairment						
At 1 April 2016	2,208	142	–	305	4,408	7,063
Depreciation for the year	1,148	237	200	449	1,399	3,433
Eliminated on disposal of subsidiaries (Note 35)	–	(53)	–	–	–	(53)
Exchange adjustments	(40)	(9)	–	(19)	(33)	(101)
At 31 March 2017 and 1 April 2017	3,316	317	200	735	5,774	10,342
Depreciation for the year	**605**	**140**	**480**	**438**	**1,397**	**3,060**
Disposal	**(1,151)**	**(7)**	**–**	**(129)**	**(282)**	**(1,929)**
Transfer	**–**	**5**	**–**	**(5)**	**–**	**–**
Eliminated on disposal of subsidiaries (Note 35)	**–**	**–**	**–**	**(21)**	**(3,362)**	**(3,383)**
Exchange adjustments	**306**	**217**	**–**	**259**	**286**	**1,068**
At 31 March 2018	**2,716**	**672**	**680**	**1,277**	**3,813**	**9,158**
Carrying amount						
At 31 March 2018	**2,443**	**716**	**1,720**	**915**	**1,934**	**7,728**
At 31 March 2017	2,956	844	2,220	1,376	4,358	11,734

20. GOODWILL

The amounts of the goodwill capitalised by the Group as an asset and recognised in the consolidated statement of financial position, arising from the acquisition of subsidiaries, are as follows:

	2018	2017
	HK$'000	HK$'000
Cost		
At 1 April and 31 March	**47,248**	47,248
Accumulated impairment losses		
At 1 April and 31 March	**30,027**	30,027
Carrying amount		
At 31 March	**17,221**	17,221

Impairment test of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units identified according to operating segment.

	2018	2017
	HK$'000	HK$'000
Advertising and media related services		
– Keen Renown Limited and its subsidiaries (the "Keen Renown Group")	**17,221**	17,221

20. GOODWILL *(continued)*

Impairment test of goodwill *(continued)*

Advertising and media related services

There is one cash-generating unit, Keen Renown Group, which was acquired through acquisition of subsidiaries during the previous year, and are the main operating entities with the segment "advertising and media related services" identified by the Group.

The recoverable amount of the goodwill allocated to advertising and media related services are determined based on the value-in-use using the present value of cash flows taking into account the expected operating synergy and profitability and growth of businesses arising from Keen Renown Group.

Keen Renown Group

The cash flow projections are based on financial budgets approved by management covering a 5-year period and assumed growth rates are used to extrapolate the cash flows in the following years. The financial budgets are prepared based on a 5-year business plan which is appropriate after considering the sustainability of business growth, stability of core business developments, long term economic cycle and achievement of business targets. All cash flows are discounted at pre-tax discount rates of 14% (2017: 16%) under baseline and stressed scenarios respectively. Management's financial model assumes an average growth rate of 3% (2017: 3%) per annum beyond the 5-year period taking into account long term gross domestic product growth and other relevant economic factors. The discount rate used is based on the rates which reflect specific risks relating to the cash-generating unit.

No impairment loss has been recognised in respect of goodwill related to CGU of Keen Renown Group for the year ended 31 March 2018 (2017: Nil) as its recoverable amount exceeds the carrying amount.

The directors of the Company believe that any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

21. INTANGIBLE ASSETS

	Consultancy agreement HK$'000	Project management agreement HK$'000	Total HK$'000
Cost:			
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017	32,000	9,934	41,934
Disposal of subsidiaries (Note 35)	(32,000)	(9,934)	(41,934)
At 31 March 2018	–	–	–
At 1 April 2016	29,853	4,359	34,212
Amortised for the year	2,147	1,240	3,387
Impairment loss recognised for the year	–	4,335	4,335
At 31 March 2017 and 1 April 2017	32,000	9,934	41,934
Disposal of subsidiaries (Note 35)	(32,000)	(9,934)	(41,934)
At 31 March 2018	–	–	–
Carrying amount:			
At 31 March 2018	–	–	–
At 31 March 2017	–	–	–

21. INTANGIBLE ASSETS *(continued)*

The master services agreement, co-operation agreement and strategic co-operation agreement, licensing agreement, consultancy agreement and project management services agreement were purchased through acquisition of subsidiaries with finite useful life.

The following estimated useful lives are used in the calculation of amortisation:

Consultancy agreement	5 years
Project management services agreement	8 years

The intangible assets will be tested for impairment whenever is an indication that they may be impaired.

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	2018	2017
	HK$'000	HK$'000
Trade receivables *(Note a)*	**26,737**	24,116
Deposits *(Note b)*	**153,471**	88,589
Prepayments *(Note c)*	**7,990**	9,115
Other receivables *(Note d)*	**78,496**	108,545
Loan receivables *(Note e)*	**69,549**	64,180
	336,243	294,545

Notes:

(a) An aged analysis of the Group's trade receivables (which included in trade and other receivables), based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for doubtful debts, at the end of the reporting period is as follows:

	2018	2017
	HK$'000	HK$'000
0 – 30 days	**1,693**	2,287
31 – 60 days	**212**	281
61 – 90 days	**2,786**	105
Over 90 days	**22,046**	21,443
	26,737	24,116

The Group generally allows credit period from 30 to 90 days to its customers.

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(continued)*

Notes: *(continued)*

(a): *(continued)*

Details on the Group's credit policy are set out in note 4.

The following is an aged analysis of trade receivables which were past due but not impaired based on the due date:

	2018	2017
	HK$,000	HK$,000
0 – 30 days	**–**	–
31 – 61 days	**–**	–
61 – 90 days	**–**	–
Over 90 days	**4,831**	21,341
	4,831	21,341

Trade receivables that were past due but not impaired relate to the credits available to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(b) The deposits paid mainly consist of the followings:

(i) During the year ended 31 March 2015, the Group entered into a letter of intent for granting a priority and exclusion right to acquire the entire shareholding interest in a target company before 31 December 2014 with a vendor, an independent third party, and an earnest money of HK$10,000,000 was paid to the vendor. The Company further entered into a supplemental letter of intent with the vendor to extend the priority and exclusion right to acquire the entire shareholding interest in a target company before 31 December 2015. The possible acquisition lapsed during the year ended 31 March 2016 and the earnest money of HK$10,000,000 has been fully refunded during the year ended 31 March 2017.

(ii) During the year ended 31 March 2015, the Group entered into a letter of intent for granting a priority and exclusion right to acquire the entire shareholding interest in a target company before 30 June 2015 with a vendor, an independent third party, and an earnest money of HK$10,000,000 was paid to the vendor. The possible acquisition lapsed during the year ended 31 March 2016. At 31 March 2016, the outstanding balance was HK$10,000,000. Part of the deposit has been refunded during the year ended 31 March 2017. The outstanding balance was HK$4,900,000 as at 31 March 2017 and it has been fully refunded during the year ended 31 March 2018.

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(continued)*

Notes: *(continued)*

(b) The deposits paid mainly consist of the followings: *(continued)*

(iii) During the year ended 31 March 2015, the Group entered into a letter of intent for granting a priority and exclusion right to acquire the entire shareholding interest in a target company before 30 June 2015 with vendors, independent third parties, and an earnest money of HK$9,000,000 was paid to the vendor. The Group further entered into a supplemental letter of intent with the vendors and an additional earnest money of HK$3,000,000 was paid. At 31 March 2015, the Group deposited a sum of HK$12,000,000 to the vendors as the earnest money. The possible acquisition lapsed during the year ended 31 March 2016. At 31 March 2016, the outstanding balance was HK$12,000,000 and it has been fully refunded during the year ended 31 March 2017.

(iv) During the year ended 31 March 2016, the Group entered into a letter of intent for granting a priority and exclusion right to acquire the entire shareholding interest in a target company before 30 September 2016 with a vendor, an independent third party, and an earnest money of approximately HK$16,619,000 has been paid at 31 March 2016. The possible acquisition lapsed during the year ended 31 March 2017 and part of the deposit has been refunded during the year ended 31 March 2017. At 31 March 2017, the outstanding balance was HK$9,000,000 and has been fully refunded during the year ended 31 March 2018.

(v) During the year ended 31 March 2017, the Group entered into a letter of intent to acquire the entire shareholding interest in a target company with a vendor, an independent third party, and an earnest money of approximately HK$16,921,000 was paid to the vendor. During the year ended 31 March 2018, the possible acquisition of the entire shareholding interest in a target company has been lapsed. The Group then entered into a pan-entertainment project with the vendor and an earnest money of approximately HK$7,469,000 was further paid to the vendor during the year ended 31 March 2018.

(vi) During the year ended 31 March 2017, the Group entered into a letter of intent to acquire the 60% shareholding interest in a target company with a vendor, an independent third party, and an earnest money of approximately HK$25,000,000 was paid to the vendor. During the year ended 31 March 2018, the possible acquisition of the 60% shareholding interest in a target company has been lapsed and the vendor has refunded approximately HK$13,000,000 to the Group.

(vii) During the year ended 31 March 2017, the Group entered into a letter of intent for granting a priority and exclusion right to acquire the entire shareholding interest in a target company with an independent third party before 31 October 2017 and a deposit of approximately HK$11,281,000 has been paid. A further deposit of approximately HK$12,618,000 has been paid pursuant to acquire the entire shareholding interest in a target company during the year ended 31 March 2018.

(viii) During the year ended 31 March 2018, the Group entered into pan-entertainment projects with vendors, independent third parties, and earnest money of approximately HK$87,788,000 was paid to the vendors.

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(continued)*

Notes: *(continued)*

(c) The prepayments mainly consist of the followings:

(i) As at 31 March 2017, included in prepayments was an amount of approximately HK$4,693,000 for consultancy services to an independent third party.

(ii) As at 31 March 2018, included in prepayments was an amount of approximately HK$2,940,000 for consultancy services to an independent third party.

(d) The other receivables mainly consist of the followings:

(i) During the year ended 31 March 2013, the Group entered into a conditional agreement with Mr. Lui, the former executive director and chief executive officer of the Company to further acquire 40% of the issued share capital of Keen Renown Group at a consideration of HK$22,000,000, in which HK$17,000,000 (the "Indebtedness") had been paid to Mr. Lui as deposit and payment of the consideration. The possible acquisition was lapsed during the year ended 31 March 2014, and accordingly, the deposit for investment was reclassified as other receivables. Details of the transaction are set out in the Company's announcement dated 1 April 2014. During the year 2015, among the Group, Mr. Lui and an independent third party entered into a deed of assignment and novation, pursuant to which, Mr. Lui assigned to the independent third party all its rights, liabilities, obligation titles, benefits and interests in the Indebtedness and to hold the same onto the Group absolutely. At 31 March 2016, the outstanding balance was HK$11,000,000 and it has been fully settled during the year ended 31 March 2017.

(ii) During the year ended 31 March 2014, the Group entered into a memorandum with a vendor, an independent third party, for acquiring a percentage of the issued share capital of a power producer company and a security and refundable deposit HK$9,000,000 was paid to the vendor. The Group further entered into two supplemental memorandums with the vendor. Pursuant to the supplemental memorandums, Activemix Investments Limited ("Activemix") deposited a sum of HK$9,000,000 to the vendor as security and refundable deposit The acquisition was terminated on 30 September 2014, and accordingly, the deposit was reclassified as other receivables. At 31 March 2016, the outstanding balance was HK$8,820,000 (2015: HK$18,000,000) and the amount has been fully settled during the year ended 31 March 2017.

(iii) At 31 March 2016, included in the other receivables were amounts of HK$14,000,000 and approximately HK$6,965,000, representing the deferred consideration for disposal of the Joint Vision Investments Limited and its subsidiaries ("Joint Vision Group") and the unsettled debt borne by the purchaser of the Joint Vision Group respectively. The amounts were outstanding at 31 March 2016 and HK$1,000,000 has been settled during the year ended 31 March 2017. At 31 March 2017, the outstanding balance was HK$13,000,000 and it has been fully settled during the year ended 31 March 2018.

(iv) At 31 March 2016, included in the other receivables was an amount of HK$12,100,000 of the deferred consideration for disposal of Innovate The amount was outstanding at 31 March 2016 and part of the receivable has been settled during the year ended 31 March 2017. At 31 March 2017, the outstanding balance was HK$4,635,000 and it has been fully settled during the year ended 31 March 2018.

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(continued)*

Notes: *(continued)*

(d) The other receivables mainly consist of the followings: *(continued)*

(v) At 31 March 2017, included in the other receivables was an amount of approximately HK$8,500,000 of the deferred consideration for disposal of Jia Tai Hua and it has been fully settled during the year ended 31 March 2018.

(vi) During the year ended 31 March 2017, the Group entered into a letter of intent to acquire assets in a target company from a vendor, an independent third party, and an earnest money of approximately HK$15,000,000 was paid to the vendor. During the year ended 31 March 2018, the acquisition of assets in a target company has been lapsed.

(vii) During the year ended 31 March 2017, the Group entered into a sales and purchase agreement with an independent third party to purchase motor vehicles for the financial leasing business and a deposit of approximately HK$13,654,000 has been paid. During the year ended 31 March 2018, the possible acquisition has been lapsed and the deposit has been reclassified to other receivable.

(e) The loan receivables mainly consist of the followings:

(i) During the year ended 31 March 2017, the Company entered into loan agreements with principal amounts of approximately HK$64,180,000 with independent third parties. The loans receivables carry effective interest ranging from 4% to 10% per annum.

(ii) As at 31 March 2018, the Company had entered into loan agreements with principal amounts of approximately HK$69,549,000 with independent third parties. The loans receivables carry effective interest ranging from 7% to 9% per annum.

23. DEPOSIT FOR FILM PRODUCTION

During the year ended 31 March 2016, the Group entered into a film production agreement with an independent third party. A deposit of approximately HK$18,451,000 has been paid as at 31 March 2016. A further deposit of approximately HK$67,676,000 has been paid pursuant to the film production agreement and film productions with cost of approximately HK$17,021,000 have been completed and transferred to film rights during the year ended 31 March 2017. A further deposit of approximately HK$1,876,200 has been paid pursuant to the film production agreement during the year ended 31 March 2018.

During the year ended 31 March 2017, the Group entered into a film post-production agreement with an independent third party. A deposit of approximately HK$44,649,000 has been paid as at 31 March 2017. During the year ended 31 March 2018, the third party has refunded of approximately HK$13,758,800 to the Group.

During the year ended 31 March 2018, the Group entered into letters of intent with independent third parties. Deposits of approximately HK$77,981,000 has been paid as at 31 March 2018.

24. FINANCE LEASE RECEIVABLES – NET

Certain rental vehicles have been leased out or disposed of through finance leases entered into by the Group. These leases have remaining terms ranging generally from 3 years. Finance lease receivables are comprised of the following:

	2018	2017
	HK$'000	HK$'000
Current portion	**6,315**	20,464
Non-current portion	**–**	5,604
	6,315	26,068

Amounts receivable under finance leases

	Minimum lease payments		**Present value of Minimum lease payments**	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than one year	**6,536**	21,416	**6,315**	20,464
Later than 1 year and not later than 5 years	**–**	5,803	**–**	5,604
	6,536	27,219	**6,315**	26,068
Unearned financial income	**(221)**	(1,151)	**N/A**	N/A
Present value minimum lease payment receivables	**6,315**	26,068	**6,315**	26,068

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 5.5% (2017: 5.3%) per annum for the year ended 31 March 2018.

At 31 March 2018 and 2017, the finance lease receivables are neither past due nor impaired.

At 31 March 2018, the carrying amount of the finance lease receivables which have been as security for certain other borrowing is approximately HK$6,315,000 (2017: HK$15,205,000).

25. FILM RIGHTS

	2018 HK$'000	2017 HK$'000
Cost		
At 1 April	**16,470**	–
Transfer from film production in progress (Note 26)	**–**	17,021
Exchange realignment	**1,792**	(551)
31 March	**18,262**	16,470
Accumulated amortisation and impairment losses		
At 1 April	**16,470**	–
Amortisation provided for the year	**–**	17,021
Exchange realignment	**1,792**	(551)
	18,262	16,470
Carrying amount		
31 March	**–**	–

26. FILM PRODUCTION IN PROGRESS

	2018 HK$'000	2017 HK$'000
At 1 April	**–**	–
Addition	**–**	17,021
Transfer to film rights (Note 25)	**–**	(17,021)
31 March	**–**	–

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$'000	2017 HK$'000
Held for trading		
Listed equity Securities – the PRC, at fair value	**2**	5,189

28. BANK BALANCES AND CASH

	2018 HK$'000	2017 HK$'000
Cash in hand and at bank:		
Hong Kong Dollar	**5,183**	2,595
Renminbi	**10,728**	10,228
US Dollar	**493**	487
	16,404	13,310

Cash at bank earns interest at floating rates based on daily bank deposit rates which range from 0% to 0.1% for both years. Short term time deposits are denominated in HK$, RMB and USD which made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

29. TRADE AND OTHER PAYABLES

	The Group	
	2018	2017
	HK$'000	HK$'000
Trade payables (Note a)	**13,989**	14,049
Accruals and other payables	**51,222**	41,695
Security deposits received	**1,433**	1,719
Receipt in advance (Note b)	**11,341**	37
Other non-income tax payable	**293**	425
	78,278	57,925
Analysis as:		
Current	**78,278**	46,644
Non-current	**–**	11,281
	78,278	57,925

Notes:

(a) An aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2018	2017
	HK$'000	HK$'000
0 – 30 days	**1,157**	868
31 – 60 days	**454**	408
61 – 90 days	**5**	4
Over 90 days	**12,373**	12,769
	13,989	14,049

(b) The receipt in advance mainly consist of the followings:

(i) During the year ended 31 March 2018, the Group received a film investment deposit from a purchaser, an independent third party, an amount of approximately HK$4,625,000 was received from the purchaser.

(ii) During the year ended 31 march 2018, the Group received pan-entertainment deposits from purchasers, independent third parties, amounts of approximately HK$5,754,000 were received from the purchasers.

30. CORPORATE BOND

On 29 December 2015, the Company issued a one-year annual coupon corporate bond with principal amount of HK$10,000,000 carrying interest at 15% per annum. Interest was deducted at source on the issue date of the corporate bond. Upon the maturity of the corporate bond on 29 December 2016, principal amount of HK$8,000,000 carrying interest at 15% has been extended for 6 months.

The corporate bond was further extended to October 2017 and was fully settled during the year ended 31 March 2018.

The effective interest rate for the year ended 31 March 2018 is 15% (2017: 15%).

	2018	2017
	HK$'000	HK$'000
At 1 April	**7,706**	8,877
Repayment	**(8,425)**	(2,600)
Imputed interest on corporate bond	**719**	1,429
31 March	**–**	7,706

31. OTHER BORROWINGS

The exposure of the Group's borrowings and the contractual maturity dates are as follows:

	2018	2017
	HK$'000	HK$'000
Unsecured other borrowings	**28,193**	28,177

	2018	2017
	HK$'000	HK$'000
The carrying amounts of the above borrowings are repayable:		
Within one year	**20,688**	21,409
Within a period of more than one year but not exceeding two years	**7,505**	6,768
Within a period of more than two years but no exceeding five years	**–**	–
	28,193	28,177
Less: amounts due within one year shown under current liabilities	**(20,688)**	(21,409)
Amounts shown under non-current liabilities	**7,505**	6,768

The other borrowings bear interest rate ranging from 4.8% to 15.0% (2017: 4.8% to 15.0%) per annum for the year ended 31 March 2018.

As at 31 March 2018, the other borrowings of HK$20,000,000 granted to the Group are guaranteed by Mr. Wei Shu Jun and Ms. Zhu Qi, the directors of the Company.

32. OBLIGATION UNDER FINANCE LEASES

	2018 HK$'000	2017 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**399**	472
Non-current liabilities	**350**	1,028
	749	1,500

It is the Group's policy to lease certain of its motor vehicles under finance leases. The lease terms range from 3 to 5 years. Interest rate underlying all obligations under finance leases are fixed at respective contract dates is 14.4% per annum (2017: 4.8% to 14.4%) per annum.

	Minimum lease payments		Present value of Minimum lease payments	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Not later than one year	**448**	586	**399**	472
Later than 1 year and not later than 5 years	**354**	1,121	**350**	1,028
	802	1,707	**749**	1,500
Less: future finance charges	**(53)**	(207)	**N/A**	N/A
Present value of lease obligations	**749**	1,500	**749**	1,500
Less Amount due for settlement with 12 months (shown under current liabilities)			**399**	(472)
Amount due for settlement after 12 months			**350**	1,028

33. SHARE CAPITAL

	2018 Number of shares	**Amount** HK$'000	2017 Number of shares	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**20,000,000,000**	**200,000**	20,000,000,000	200,000
Issued and fully paid:				
At 1 April, ordinary shares of HK$0.01 each	**2,777,252,599**	**27,773**	2,580,852,599	25,809
Exercise of shares options (Notes a and c)	**13,607,352**	**136**	196,400,000	1,964
Placing of new shares (Note b)	**450,000,000**	**4,500**	–	–
At 31 March, ordinary shares of HK$0.01 each	**3,240,859,951**	**32,409**	2,777,252,599	27,773

Notes:

For the year ended 31 March 2018:

(a) During the year ended 31 March 2018, certain option holders exercised their option rights to subscribe for an aggregate of 13,607,352 shares at an exercise price of HK$0.373.

(b) On 25 September 2017, the Company entered into a placing agreement with a placing agent, pursuant to which, the placing agent agreed to place, or procure the placing of, a maximum of 450,000,000 new shares in the Company at the placing price of HK$0.188. The placing of 450,000,000 placing shares was completed on 19 October 2017.

For the year ended 31 March 2017:

(c) During the year ended 31 March 2017, certain option holders exercised their option rights to subscribe for an aggregate of 196,400,000 shares at an exercise price of HK$0.275.

34. ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2017

Acquisition of Shanghai Wangshi Jinfu Information Service Limited* (上海網實金服數字服務有限公司) ("Shanghai Wangshi Jinfu")

On 9 May 2016, the Group has entered into an agreement with two vendors to purchase the entire registered capital of Shanghai Wangshi Junfu, at an aggregate consideration of RMB10 payable in cash. The transaction was completed in June 2016. This transaction was accounted for as an acquisition of assets as the assets acquired do not meet the definition of a business.

	HK$'000
Consideration paid	–
Total consideration	–

Details of the assets and liabilities of Jia Tai Hua are set out as follows:

	HK$'000
Property, plant and equipment	178
Available-for-sale financial assets	23,945
Trade and other receivables	829
Bank balances and cash	66
Other payables	(25,018)
Net assets	–

	HK$'000
Cash consideration paid	–
Bank balances and cash acquired	66
Net cash inflow arising on acquisition	66

* *For identification purpose only*

35. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2018

(a) Disposal of Sunny Chance Limited and its subsidiary

On 15 March 2018, the Company has entered into a sale and purchase agreement with an independent third party to dispose of the entire share capital of Sunny Chance Limited, at an aggregate consideration of HK$300,000 payable in cash. The disposal was completed on 15 March 2018.

	HK$'000
Consideration receivable	300
Total consideration	300

Details of the assets and liabilities of Sunny Chance Limited and its subsidiary are set out as follows:

	HK$'000
Property, plant and equipment	267
Trade and other receivables	81
Bank balances and cash	61
Trade and other payables	(21)
Amount due from a fellow subsidiary	8,500
Amount due to the ultimate holding company	(114,261)
Net liabilities disposed of	(105,373)
Waiver of amount due to the ultimate holding company	114,261
Waiver of amount due from a fellow subsidiary	(8,500)
Total consideration	(300)
Loss on disposal of subsidiaries	88

	HK$'000
Consideration received	–
Less: bank balances and cash	(61)
Net cash outflow arising from disposal	(61)

35. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2018 *(continued)*

(b) Disposal of United Falcon Limited and its subsidiaries

On 31 October 2017, the Group has entered into sale and purchase agreement with an independent third party to dispose of the entire share capital of United Falcon Limited, at an aggregate consideration of HK$40,000 payable in cash. The disposal was completed on 31 October 2017.

	HK$'000
Consideration received	40
Total consideration	40

Details of the assets and liabilities of United Falcon Limited and its subsidiaries are set out as follows:

	HK$'000
Trade and other receivables	4
Trade and other payables	(112)
Amount due to the immediate holding company	(21)
Amount due to the intermediate holding company	(631)
Net liabilities disposed of	(760)
Waiver of amount due to the immediate holding company	21
Waiver of amount due to intermediate holding company	631
Total consideration	(40)
Gain on disposal of subsidiaries	(148)

	HK$'000
Consideration received	40
Less: bank balances and cash	–
Net cash inflow arising from disposal	40

35. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2018 *(continued)*

(c) Disposal of Global Brilliant

On 27 March 2018, the Group has entered into sale and purchase agreement with an independent third party to dispose of the entire share capital of Global Brilliant, at an aggregate consideration of HK$10,000 payable in cash. The disposal was completed on 27 March 2018.

	HK$'000
Consideration received	10
Total consideration	10

Details of the assets and liabilities of Global Brilliant are set out as follows:

	HK$'000
Trade and other receivables	232
Bank balances and cash	115
Trade and other payables	(991)
Amount due to the ultimate holding company	(1,677)
Amount due to the intermediate holding company	(10)
Net liabilities disposed of	(2,331)
Waiver of amount due to the ultimate holding company	1,677
Total consideration	(10)
Gain on disposal of a subsidiary	(664)

	HK$'000
Consideration received	10
Less: bank balances and cash	(115)
Net cash outflow arising from disposal	(105)

35. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2018 *(continued)*

(d) Disposal of Activepart

On 27 March 2018, the Group has entered into sale and purchase agreement with an independent third party to dispose of the entire share capital of Activepart, at an aggregate consideration of HK$2,000 payable in cash. The disposal was completed on 27 March 2018.

	HK$'000
Consideration received	2
Total consideration	2

Details of the assets and liabilities of Activepart are set out as follows:

	HK$'000
Trade and other receivables	1
Amount due from a fellow subsidiary	1,807
Amount due from the ultimate holding company	1,005
Net assets disposed of	2,813
Wavier of amount due from a fellow subsidiary	(1,807)
Wavier of amount due from the ultimate holding company	(1,005)
Total consideration	(2)
Gain on disposal of a subsidiary	(1)

	HK$'000
Consideration received	2
Less: bank balances and cash	–
Net cash inflow arising from disposal	2

35. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2018 *(continued)*

(e) Disposal of Cheer Union

On 29 March 2018, the Company has entered into sale and purchase agreement with an independent third party to dispose of the entire share capital of Cheer Union, at an aggregate consideration of HK$2,000 payable in cash. The disposal was completed on 29 March 2018.

	HK$'000
Consideration receivable	2
Total consideration	2

Details of the assets and liabilities of Cheer Union are set out as follows:

	HK$'000
Deposit, prepayment and other receivables	3,208
Property, plant and equipment	1,067
Bank balances and cash	138
Accruals and other payables	(39)
Other borrowings	(11,500)
Obligation under financial leases	(790)
Amounts due from fellow subsidiaries	20,622
Amount due to the ultimate holding company	(19,984)
Amounts due to fellow subsidiaries	(3,781)
Net liabilities disposed of	(11,059)
Wavier of amount due from a fellow subsidiary	(18,587)
Wavier of amount due to the ultimate holding company	19,984
Wavier of amount due to a fellow subsidiary	750
Total consideration	(2)
Gain on disposal of a subsidiary	(8,914)

	HK$'000
Consideration received	2
Less: bank balances and cash	(138)
Net cash outflow arising from disposal	(136)

35. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2018 *(continued)*

(f) Disposal of Easy Ace

On 27 March 2018, the Group has entered into sale and purchase agreement with an independent third party to dispose of the entire share capital of Easy Ace, at an aggregate consideration of HK$2,000 payable in cash. The disposal was completed on 27 March 2018.

	HK$'000
Consideration receivable	2
Total consideration	2

Details of the assets and liabilities of Easy Ace are set out as follows:

	HK$'000
Trade and other receivables	8
Amount due to a fellow subsidiary	(5)
Amount due to the ultimate holding company	(32)
Net liabilities disposed of	(29)
Wavier of amount due to a fellow subsidiary	5
Wavier of amount due to the ultimate holding company	32
Total consideration	(2)
Loss on disposal of a subsidiary	6

	HK$'000
Consideration received	2
Less: bank balances and cash	–
Net cash inflow arising from disposal	2

35. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2017

(g) Disposal of Jia Tai Hua

On 13 March 2015 the Group has entered into a disposal agreement with a purchaser to dispose of the entire registered capital of Jia Tai Hua, at an aggregate consideration of HK$11,000,000 payable in cash. The disposal was completed in July 2016.

	HK$'000
Consideration received	2,500
Consideration receivables	8,500
Total consideration	11,000

Details of the assets and liabilities of Jia Tai Hua are set out as follows:

	HK$'000
Property, plant and equipment	36
Intangible assets	1,145
Trade and other receivables	14,014
Bank balances and cash	3
Trade and other payables	(2,996)
Amount due to the ultimate holding company	(372)
Amount due to immediate holding companies	(2,508)
Amounts due to fellow subsidiaries	(322)
Net assets disposed of	9,000
Reclassification of exchange reserve upon disposal of subsidiaries	(1,459)
Waiver of amount due to the ultimate holding company	372
Waiver of amount due to the immediate holding company	2,508
Total consideration	(11,000)
Gain on disposal of a subsidiary	(579)

	HK$'000
Consideration received	2,500
Less: bank balances and cash	(3)
Net cash inflow arising from disposal	2,497

35. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2017 *(continued)*

(h) Disposal of Yi Chen

On 26 March 2015, the Group has entered into a disposal agreement with a purchaser to dispose of the entire registered capital of Yi Chen, at an aggregate consideration of HK$1,000,000 payable in cash. The disposal was completed in July 2016.

	HK$'000
Consideration received	1,000
Total consideration	1,000

Details of the assets and liabilities of Yi Chen are set out as follows:

	HK$'000
Property, plant and equipment	4
Trade and other receivables	2,962
Amount due from a fellow subsidiary	779
Bank balances and cash	2
Trade and other payables	(2,535)
Amount due to immediate holding companies	(171)
Net assets disposed of	1,041
Reclassification of exchange reserve upon disposal of subsidiaries	549
Waiver of amount due to the immediate holding company	171
Total consideration	(1,000)
Loss on disposal of a subsidiary	761

	HK$'000
Consideration received	1,000
Less: bank balances and cash	(2)
Net cash inflow arising from disposal	998

35. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2017 *(continued)*

(i) Disposal of Xun Zhi Tong

On 23 March 2015, the Group has entered into a disposal agreement with a purchaser to dispose of the entire registered capital of Guangzhou Xun Zhi Tong, at an aggregate consideration of HK$8,000,000 payable in cash. The disposal was completed in July 2016.

	HK$'000
Consideration received	8,000
Total consideration	8,000

Details of the assets and liabilities of Xun Zhi Tong are set out as follows:

	HK$'000
Intangible assets	519
Trade and other receivables	10,670
Amount due from a fellow subsidiary	42
Bank balances and cash	60
Trade and other payables	(3,288)
Amount due to fellow subsidiaries	(537)
Net assets disposed of	7,466
Reclassification of exchange reserve upon disposal of subsidiaries	(123)
Total consideration	(8,000)
Gain on disposal of a subsidiary	(657)

	HK$'000
Consideration received	8,000
Less: bank balances and cash	(60)
Net cash inflow arising from disposal	7,940

35. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2017 *(continued)*

(j) Disposal of Shanghai WangShi Jinfu

On 17 March 2017, the Group has entered into a disposal agreement with a purchaser to dispose of the entire registered capital of Shanghai WangShi Jinfu, at an aggregate consideration of approximately HK$11,268,000 payable in cash. The disposal was completed on 28 March 2017.

	HK$'000
Consideration received	11,268
Total consideration	11,268

Details of the assets and liabilities of WangShi Jinfu are set out as follows:

	HK$'000
Property, plant and equipment	122
Available-for-sale financial assets	23,681
Other receivables	1,560
Bank balances and cash	13
Other payables	(14,600)
Net assets disposed of	10,776
Reclassification of exchange reserve upon disposal of subsidiaries	16
Total consideration	(11,268)
Gain on disposal of a subsidiary	(476)

	HK$'000
Consideration received	11,268
Less: bank balances and cash	(13)
Net cash inflow arising from disposal	11,255

36. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2018, the Group disposed of the entire issued share capital of Sunny Chance Limited to an independent third party at a total consideration of HK$300,000 (note 35(a)). The consideration receivable of HK$300,000 has not been received at 31 March 2018.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Obligation under finance lease HK$'000	Corporate bond HK$'000	Other borrowings HK$'000	Total HK$'000
At 1 April 2017	1,500	7,706	28,177	37,383
Cash flows:				
Proceeds from other borrowings	–	–	20,000	20,000
Repayment of other borrowings	–	–	(11,370)	(11,370)
Repayment of obligation under finance leases	(234)	–	–	(234)
Repayment of corporate bond	–	(8,425)	–	(8,425)
Non-cash:				
Interest accrued	–	719	–	719
Disposal of a subsidiary	(790)	–	(11,500)	(12,290)
Exchange adjustments	273	–	2,886	3,159
At 31 March 2018	**749**	**–**	**28,193**	**28,942**

38. COMMITMENTS

Operating lease commitments

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 3 to 5 years.

At 31 March 2018 and 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Group	
	2018	2017
	HK$'000	HK$'000
Within one year	**10,309**	6,669
In the second to fifth years, inclusive	**13,325**	15,750
	23,634	22,419

Capital commitments

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

	The Group	
	2018	2017
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of subsidiaries contracted for	**43,778**	39,484

39. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

Compensation to key management personnel

Compensation to directors of the Company and other members of key management personnel during the year is as follows:

	2018	2017
	HK$'000	HK$'000
Short-term benefits	**8,940**	7,613
Retirement scheme contribution	**18**	18
	8,958	7,631

The remuneration of directors of the Company and key executives is determined by the remuneration committee with due regard to the performance of individuals and market trends. Further details of directors' and the chief executive's emoluments are included in note 15 to the consolidated financial statements.

40. DEFINED BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in fund under the control of trustees. The Group contributes 5% of relevant payroll costs (limited to HK$30,000 per annum of each individual employee) to the MPF Scheme, which contribution is matched by employees.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the China government. The PRC subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes.

Employees employed by the Group outside Hong Kong are covered by the appropriate local defined contribution schemes pursuant to the local labour rules and regulations.

41. SHARE OPTION SCHEME

Pursuant to a resolution passed at the annual general meeting of the Company held on 25 September 2012, a new share option scheme (the "New Share Option Scheme") was adopted by the Company.

The previous share option scheme of the Company (the "Old Share Option Scheme") was expired on 2 August 2012, no further options can be granted under the Old Share Option Scheme thereafter. All outstanding share option granted under the Old Share Option Scheme prior to the said expiry shall be lapsed in accordance with the provisions of the Old Share Option Scheme.

The major terms of the New Share Option Scheme are summarised as follows:

(a) The purpose of the New Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group.

(b) The participants include:

(i) (1) any employee or proposed employee of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest, including any executive director of the Company, any of such subsidiaries or any Invested Entity;

(2) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity;

(5) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(6) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and

(7) any joint venture partner or counter-party to business transactions of the Group.

(ii) any company wholly owned by one or more persons belonging to any of the above classes of participants.

41. SHARE OPTION SCHEME *(continued)*

(c) The exercise price of a share option shall be a price determined by the directors and shall at least be the higher of:

(i) the closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and

(ii) the average closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

(d) Maximum number of shares:

(i) The total number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time; and

(ii) The total number of shares which may be issued upon exercise of all share options to be granted under the New Share Option Scheme and any other schemes must not in aggregate, exceed 10% of the shares in issue at the date of adoption of the New Share Option Scheme (the "Limit") provided that share options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Limit.

(e) The total number of shares issued and to be issued upon the exercise of share options granted and to be granted to each participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant must not exceed 1% of the shares in issue.

(f) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of grant of the share option.

At the end of the reporting period, the number of shares which may be issued upon exercise of share options granted and remain outstanding under the New Share Option Scheme was 82,420,000 (2017: 109,635,000), representing 3% (2017: 4%) of shares of the Company in issue at that date. As at 31 March 2018, 441,520,000 (2017: 441,520,000) share options have been granted under the New Option Scheme since its adoption.

41. SHARE OPTION SCHEME *(continued)*

During the years ended 31 March 2018 and 31 March 2017 the Company's share options granted under the share option schemes are as follows:

Date of grant	Category of eligible persons	Exercise price	Exercise period	Outstanding at 1 April 2016	Exercised during the year	Granted during the year	Lapsed during the year	Outstanding at 31 March 2017 and 1 April 2017	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2018
4 December 2013	Employees	0.534	4 December 2013 to 3 December 2016	5,437,435	–	–	(5,437,476)	–	–	–	–
	Consultants	0.534	4 December 2013 to 3 December 2016	16,312,428	–	–	(16,312,428)	–	–	–	–
22 August 2014	Consultants	0.373	22 August 2014 to 21 August 2017	27,214,704	–	–	–	27,214,704	(13,607,352)	(13,607,352)	–
10 March 2016	Consultants	0.339	10 March 2016 to 9 March 2019	20,820,000	–	–	–	20,820,000	–	–	20,820,000
	Employees	0.339	10 March 2016 to 9 March 2019	–	–	–	–	–	–	–	–
13 January 2017	Consultants	0.275	13 January 2017 to 12 January 2020	–	(196,400,000)	258,000,000	–	61,600,000	–	–	61,600,000
			Total	69,784,608	(196,400,000)	258,000,000	(21,749,904)	109,634,704	(13,607,352)	(13,607,352)	82,420,000
			Exercisable at the end of the year	69,784,608				109,634,704			82,420,000
			Weighted average Exercise price	HK$0.41	HK$0.28	HK$0.28	HK$0.53	HK$0.31	HK$0.37	HK$0.37	HK$0.29

The fair value of options granted on 13 January 2017 is determined using the Black-Scholes Option Pricing Model with the expected volatility which is based on the historical share price volatility over the past two years. The following significant assumptions were used to derive the fair values using the Black-Scholes Option Pricing Model:

41. SHARE OPTION SCHEME *(continued)*

Date of grant	**13 January 2017**
Total number of share options	258,000,000
Option value	HK$0.1267
Option life	3 years
Expected tenor	3 years
Exercise price	HK$0.275
Stock price at the date of grant	HK$0.275
Volatility	75.514%
Risk free rate	1.229%

For equity-settled share-based payments with parties other than employees, the Group has rebutted the presumption that the fair values of the services received can be estimated reliably. As in the opinion of the directors, the Group measured the services received from these parties and its fair value is approximate to the fair values of the share options granted using the trinomial option pricing model, at the date these parties rendered related services to the Group.

Expected volatility was determined by using the historical volatility of the Company's share price over certain historical periods. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised a total expense of approximately HK$Nil for the year ended 31 March 2018 (2017: HK$32,680,000) in relation to share option granted by the Company.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

42.1 General information of subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name of Subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Activemix	British Virgin Islands/ Hong Kong	US$1	100%	100%	–	Securities investment
Keen Renown Limited	British Virgin Islands/ British Virgin Islands	US$200	60%	–	60%	Investment holding
Ziyi Management Consulting (Shanghai) Company Limited* (梓懿管理諮詢(上海)有限公司) (Note a)	The PRC/The PRC	US$1,000,000	60%	–	60%	Advertising and media related services
Shanghai Zhongteng Advertising Limited* (上海中騰廣告有限公司) (Note b)	The PRC/The PRC	RMB20,000,000	60%	–	–	Advertising and media related services
Shanghai Si Xuan (Note c)	The PRC/The PRC	RMB100,000	100%	–	–	Advertising and media related services
Hangzhou Lianli Advertising Limited* (杭州聯力廣告有限公司) (Note b)	The PRC/The PRC	RMB50,000	60%	–	60%	Advertising and media related services
First FinTech (Shanghai) Company Limited* (眾網金融科技(上海)有限公司)	The PRC/The PRC	RMB9,215,770	100%	–	100%	Financial leasing and other financial services
Shenzhen Jia Ying (Note a)	The PRC/The PRC	US$2,050,201	100%	100%	–	Financial leasing and other financial services

Notes:

(a) These subsidiaries are wholly foreign owned enterprises in the PRC.

(b) These subsidiaries are domestic enterprise with limited liabilities established in the PRC.

(c) This subsidiary is a domestic enterprise with limited liabilities established in the PRC. The subsidiary is indirectly held by the Company through contractual arrangement by Mr. Sun Yiqi who holds the interest in the subsidiary of 100%.

* *For identification purpose only*

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

42.1 General information of subsidiaries *(continued)*

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. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

The following are the summarised financial information for Shanghai Si Xuan, which is accounted for a wholly owned subsidiary under contractual arrangement.

	2018 HK$'000	2017 HK$'000
Shanghai Si Xuan		
Current assets	**13,049**	11,775
Current liabilities	**(8,896)**	(8,024)
Net assets	**4,153**	3,751
Revenue	**–**	–
(Loss)/profit for the year	**(6)**	5

Under the current PRC regulations, the Group is not allowed to directly hold the equity interests in an advertising and media company. Foreign companies are allowed to acquire 100% equity interests in the advertising enterprise in the PRC in accordance with the provision of Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors and Regulations on the Administration of Foreign-funded Advertising Enterprises.

Hence, the contractual arrangement are designed to provide the Group with effective control over and the right to enjoy the economic benefits in and assets of Shanghai Si Xuan. Upon the contractual arrangement becoming effective, the Group is able to consolidate 100% of the interests in Shanghai Si Xuan by treating this company as indirectly non-wholly owned subsidiary.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

42.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

The following table lists out the information relating to Keen Renown Group which have material non-controlling interest (NCI). The summarized financial information presented below represents the amounts before any inter-company elimination.

	2018 HK$'000	2017 HK$'000
NCI percentage	**40%**	40%
Current assets	**401,350**	306,357
Non-current assets	**2,877**	3,523
Current liabilities	**(358,437)**	(297,297)
Net assets	**45,790**	12,583
Carrying amount of NCI	**18,316**	5,033
Revenue	**56,842**	42,093
Profit/(loss) for the year	**18,275**	(5,352)
Total comprehensive income/(loss)	**33,208**	(7,124)
Total comprehensive income/(loss) allocated to NCI	**13,283**	(2,849)
Cash flows from operating activities	**5,809**	8,647
Cash flows from investment activities	**3,442**	(8,351)

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current assets		
Property, plant and equipment	**47**	93
Investments in subsidiaries	**77,865**	77,865
	77,912	77,958
Current assets		
Amounts due from subsidiaries	**337,141**	251,069
Deposits, prepayments and other receivables	**2,768**	26,678
Bank balances and cash	**4,743**	368
	344,652	278,115
Current liability		
Accruals and other payables	**3,458**	4,648
Corporate bond	**–**	7,706
Other borrowings	**20,000**	–
	23,458	12,354
Net current assets	**321,194**	265,767
Total assets less current liability	**399,106**	343,719
Capital and reserves		
Share capital	**32,409**	27,773
Reserves	**366,697**	315,946
	399,106	343,719

The Company's statement of financial position was approved and authorised for issue by the board of directors on 28 June 2018 and signed on its behalf by:

Lien Wai Hung
Director

Wu Xiaoming
Director

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

Movement in the Company's reserves

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	25,809	1,608,966	325,866	13,834	(1,474,117)	455,910
Loss and total comprehensive expenses for the year	–	–	–	–	(192,879)	(192,879)
Recognition of equity- settled share-based payments	–	–	–	32,680	–	32,680
Lapse of share options	–	–	–	(6,002)	–	(6,002)
Exercise of share options	1,964	76,923	–	(24,877)	–	54,010
At 31 March 2017 and 1 April 2017	27,773	1,685,889	325,866	15,635	(1,711,444)	343,719
Loss and total comprehensive expenses for the year	**–**	**–**	**–**	**–**	**(31,267)**	**(31,267)**
Lapse of share options	**–**	**–**	**–**	**(2,304)**	**2,304**	**–**
Placing new shares	**4,500**	**80,100**	**–**	**–**	**–**	**84,600**
Share issuing expenses	**–**	**(3,021)**	**–**	**–**	**–**	**(3,021)**
Exercise of share options	**136**	**7,247**	**–**	**(2,308)**	**–**	**5,075**
At 31 March 2018	**32,409**	**1,770,215**	**325,866**	**11,023**	**(1,740,407)**	**399,106**

44. COMPARATIVE INFORMATION

Certain comparative amounts have been reclassified to conform with the current period presentation.

45. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 June 2018.

Summary of Financial Information

Results

	Years ended 31 March				
	2014	2015	2016	2017	**2018**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Continuing operations					
Revenue	31,458	33,103	28,543	47,648	**69,218**
Loss before taxation	(107,889)	(80,922)	(63,866)	(113,861)	**(52,389)**
Income tax expenses	(4,566)	(104)	(256)	(1,525)	**(697)**
Loss for the year from continuing operations	(112,455)	(81,026)	(64,122)	(115,386)	**(53,086)**
Discontinued operations					
Loss for year from discontinued operations	–	(75,755)	(1,751)	(456)	**359**
Loss for the year	(112,455)	(156,781)	(65,873)	(115,842)	**(52,727)**
Loss attributable to					
owners of the Company	(113,528)	(155,627)	(65,349)	(113,701)	**(60,037)**
non-controlling interest	1,073	(1,154)	(524)	(2,141)	**7,310**
	(112,455)	(156,781)	(65,873)	(115,842)	**(52,727)**

Assets and Liabilities

	As at 31 March				
	2014	2015	2016	2017	**2018**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Non-current assets	177,962	68,965	34,431	34,559	**25,149**
Current assets	146,216	216,523	484,112	487,613	**590,676**
Current liabilities	20,756	31,194	56,229	80,810	**104,971**
Non-current liabilities	3,348	2,972	–	19,077	**7,855**