Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

中國支付通

China Smartpay Group Holdings Limited

中國支付通集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8325)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

*This announcement, for which the directors (the "**Directors**") of China Smartpay Group 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 (the "**GEM Listing Rules**") 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 announcement 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 herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately HK$598.48 million for the year ended 31 March 2018, which represented an increase of approximately 22.36% as compared with the Group's revenue recorded in the corresponding period in 2017 due to strategic the significant increase in the revenue of prestige benefits business.

- The Group recognised share-based compensation costs, fair value loss on contingent consideration (which resulted from acquisition of prestige benefits business), fair value loss on financial assets at fair value through profit or loss, impairment on goodwill and interests in associates, shares of results of associates and interest expenses related to bonds and convertible bonds amounted to approximately HK$44.66 million, HK$20.68 million, HK$56.39 million, HK$141.48 million, HK$30.45 million and HK$47.26 million for the year ended 31 March 2018 respectively (2017: approximately HK$62.33 million, HK$5.76 million, HK$68.58 million, HK$1 million, HK$1.87 million and HK$30.93 million). Except for above expenses, the Group reported a loss for the year amounted to approximately HK$23.53 million as compared with a loss for the year of approximately HK$2.25 million last year.

- The Group reported a loss amounted to approximately HK$364.45 million for the year ended 31 March 2018 as compared with a loss of approximately HK$172.72 million last year. The Group reported a loss attributable to equity holders of the Company for the year ended 31 March 2018 amounted to approximately HK$361.23 million, (2017: loss of approximately HK$174.40 million).

- Loss per share for the loss attributable to equity holders of the Company for the year ended 31 March 2018 was approximately 23.03 HK cents (2017: loss per share approximately 12.07 HK cents).

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

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2018, together with the comparative figures for the corresponding period in 2017.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2018

	Note	2018 *HK$'000*	2017 *HK$'000*
Revenue	*4*	**598,482**	489,121
Cost of services rendered and cost of goods sold		**(363,821)**	(268,071)
Gross profit		**234,661**	221,050
Other income	*5*	**11,837**	1,881
General administrative expenses		**(266,457)**	(234,837)
Selling and distribution costs		**(60,762)**	(52,149)
Finance costs	*6*	**(47,432)**	(31,095)
Fair value loss on contingent consideration		**(20,676)**	(5,763)
Fair value gain on derivative financial instruments	*13*	**16,678**	8,617
Fair value loss on financial assets at fair value through profit or loss		**(56,388)**	(68,580)
Gain on disposal of subsidiaries	*15*	**4,329**	570
Loss on disposal of equity interests in a joint venture		**(144)**	–
Impairment loss on goodwill		**(73,588)**	(988)
Impairment loss on interests in associates		**(67,893)**	–
Share of results of joint ventures		**187**	265
Share of results of associates		**(30,453)**	(1,874)
Loss before tax	*6*	**(356,101)**	(162,903)
Income tax expenses	*7*	**(8,353)**	(9,817)
Loss for the year		**(364,454)**	(172,720)
Attributable to:			
Equity holders of the Company		**(361,229)**	(174,396)
Non-controlling interests		**(3,225)**	1,676
		(364,454)	(172,720)
Loss per share for loss attributable to equity holders of the Company			
Basic	*8*	**(23.03) HK cents**	(12.07) HK cents
Diluted	*8*	**(23.03) HK cents**	(12.07) HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Loss for the year	**(364,454)**	(172,720)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale financial assets	**24,965**	–
Share of other comprehensive income (loss) of associates – exchange difference on translation	**25,963**	(2,054)
Share of other comprehensive income (loss) of joint ventures – exchange difference on translation	**961**	(686)
Derecognition of exchange reserve upon disposal of equity interests in a joint venture	**64**	–
Exchange difference on translation of foreign subsidiaries	**127,944**	(59,824)
Total comprehensive loss for the year	**(184,557)**	(235,284)
Total comprehensive (loss) income attributable to:		
Equity holders of the Company	**(188,697)**	(235,764)
Non-controlling interests	**4,140**	480
	(184,557)	(235,284)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Interests in joint ventures		**8,453**	10,433
Interests in associates		**252,570**	29,539
Goodwill		**633,130**	657,814
Property, plant and equipment		**55,244**	49,276
Intangible assets		**65,503**	34,461
Other investments		**34,425**	44,030
Other receivables – deposits on investments	*10*	**91,063**	302,921
Deferred tax assets		**308**	–
		1,140,696	1,128,474
Current assets			
Financial assets at fair value through profit or loss		**83,312**	139,700
Inventories		**1,529**	3,444
Other investments		**81**	–
Tax recoverable		**674**	1,869
Trade and other receivables	*10*	**483,064**	361,533
Restricted funds		**434,034**	451,560
Cash and bank balances		**289,223**	264,572
		1,291,917	1,222,678
Current liabilities			
Trade and other payables	*11*	**525,222**	519,235
Tax payables		**13,505**	9,327
Contingent consideration		**37,766**	64,313
		576,493	592,875
Net current assets		**715,424**	629,803
Total assets less current liabilities		**1,856,120**	1,758,277

	Note	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Deferred tax liabilities		**2,477**	4,239
Other long-term liabilities	*12*	**1,936**	1,747
Derivative financial instruments	*13*	**1,527**	18,205
Bonds payables	*13*	**369,773**	368,140
Convertible bonds	*13*	**78,650**	70,284
		454,363	462,615
NET ASSETS		**1,401,757**	1,295,662
Capital and reserves			
Share capital	*14*	**16,441**	14,611
Reserves		**1,306,052**	1,220,645
Equity attributable to equity holders of the Company		**1,322,493**	1,235,256
Non-controlling interests		**79,264**	60,406
TOTAL EQUITY		**1,401,757**	1,295,662

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

	Attributable to equity holders of the Company										
	Share capital (Note 14)	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Capital redemption reserve	Share option reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2016	14,526	1,315,828	6,996	(37,963)	2,545	(27,379)	130,417	(37,709)	1,367,261	22,513	1,389,774
Loss for the year	–	–	–	–	–	–	–	(174,396)	(174,396)	1,676	(172,720)
Other comprehensive loss:											
Items that may be reclassified subsequently to profit or loss											
Share of other comprehensive loss of associates – exchange difference on translation	–	–	–	(2,054)	–	–	–	–	(2,054)	–	(2,054)
Share of other comprehensive loss of joint ventures – exchange difference on translation	–	–	–	(686)	–	–	–	–	(686)	–	(686)
Exchange difference on translation of foreign subsidiaries	–	–	–	(58,628)	–	–	–	–	(58,628)	(1,196)	(59,824)
Total comprehensive loss for the year	–	–	–	(61,368)	–	–	–	(174,396)	(235,764)	480	(235,284)
Transactions with owners:											
Contributions and distributions											
Recognition of share-based compensation costs	–	–	–	–	–	–	62,330	–	62,330	–	62,330
Cancellation of repurchased shares	(166)	(27,213)	–	–	–	27,379	–	–	–	–	–
Consideration shares issued in January 2017 fulfilment of performance target	251	41,191	–	–	–	–	–	–	41,442	–	41,442
Transfer to statutory reserve	–	–	–	–	3,711	–	–	(3,711)	–	–	–
	85	13,978	–	–	3,711	27,379	62,330	(3,711)	103,772	–	103,772
Changes in ownership interests											
Non-controlling interests arising from incorporation of subsidiaries	–	–	–	–	–	–	–	–	–	37,413	37,413
Disposal of subsidiaries	–	–	–	(13)	–	–	–	–	(13)	–	(13)
At 31 March 2017	14,611	1,329,806	6,996	(99,344)	6,256	–	192,747	(215,816)	1,235,256	60,406	1,295,662

	Attributable to equity holders of the Company										
	Share capital *(Note 14)*	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Fair value reserve	Share option reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	14,611	1,329,806	6,996	(99,344)	6,256	–	192,747	(215,816)	1,235,256	60,406	1,295,662
Loss for the year	–	–	–	–	–	–	–	(361,229)	(361,229)	(3,225)	(364,454)
Other comprehensive income:											
Items that may be reclassified subsequently to profit or loss											
Share of other comprehensive income of associates – exchange difference on translation	–	–	–	25,963	–	–	–	–	25,963	–	25,963
Share of other comprehensive income of joint ventures – exchange difference on translation	–	–	–	961	–	–	–	–	961	–	961
Change in fair value of available-for-sale financial assets	–	–	–	–	–	24,965	–	–	24,965	–	24,965
Derecognition of exchange reserve upon disposal of a joint venture	–	–	–	64	–	–	–	–	64	–	64
Exchange difference on translation of foreign subsidiaries	–	–	–	120,579	–	–	–	–	120,579	7,365	127,944
Total comprehensive loss for the year	–	–	–	147,567	–	24,965	–	(361,229)	(188,697)	4,140	(184,557)
Transactions with owners:											
Contributions and distributions											
Recognition of share-based compensation costs	–	–	–	–	–	–	44,661	–	44,661	–	44,661
Forfeiture of share options	–	–	–	–	–	–	(2,571)	2,571	–	–	–
Shares issued upon subscription in August 2017 *(Note 14(a))*	1,500	185,668	–	–	–	–	–	–	187,168	–	187,168
Consideration shares issued in December 2017 for fulfilment of performance target *(Note 14(b))*	330	46,893	–	–	–	–	–	–	47,223	–	47,223
Transfer to statutory reserve	–	–	–	–	1,080	–	–	(1,080)	–	–	–
	1,830	232,561	–	–	1,080	–	42,090	1,491	279,052	–	279,052
Changes in ownership interests											
Acquisition of non-controlling interests in a subsidiary	–	–	–	–	–	–	–	(1,891)	(1,891)	(32,679)	(34,570)
Non-controlling interests arising from acquisition of a subsidiary *(Note 16)*	–	–	–	–	–	–	–	–	–	47,397	47,397
	–	–	–	–	–	–	–	(1,891)	(1,891)	14,718	12,827
Disposal of subsidiaries *(Note 15)*	–	–	(1,498)	271	–	–	–	–	(1,227)	–	(1,227)
At 31 March 2018	16,441	1,562,367	5,498	48,494	7,336	24,965	234,837	(577,445)	1,322,493	79,264	1,401,757

NOTES:

1. CORPORATE INFORMATION

China Smartpay Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 12 December 2007 as an exempted company with limited liability. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company and the Group is principally engaged in prepaid cards and internet payment business in the People's Republic of China (the "**PRC**"), prestige benefits business in the PRC, internet micro-credit business in the PRC, merchant acquiring business in Thailand and securities investment business in Hong Kong.

The Company and its subsidiaries are herein collectively referred to as the "**Group**".

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**").

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2016/2017 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year. The consolidated financial statements are rounded to the nearest thousand, unless otherwise indicated.

Future Changes In HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Annual Improvements HKFRSs	*2014-2016 Cycle: HKFRS 1 and HKAS 28* [1]
Amendments to HKAS 40	*Transfers of Investment Property* [1]
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]
HKFRS 15	*Revenue from Contracts with Customers* [1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration* [1]
Annual Improvements HKFRSs	*2015-2017 Cycle* [2]
HKFRS 16	*Leases* [2]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments* [2]
Amendments to HKAS 19	*Employee benefits* [2]
Amendments to HKAS 28	*Investments in Associates and Joint Ventures* [2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation* [2]
HKFRS 17	*Insurance Contract* [3]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]

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 1 January 2021
4 The effective date to be determined

HKFRS 9

HKFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, hedge accounting and impairment requirements for financial assets. Key requirements of HKFRS 9 that are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. 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 and contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss; and

- 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.

Based on the Group's financial instruments and risk management policies at 31 March 2018, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale financial assets, which currently stated at cost less impairment loss will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income (subject to fulfilment of the designation criteria). For financial assets at fair value through profit or loss, there will be no material impact after application of HKRFS 9. In addition, the expected credit loss model may result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for classification of the Group's available-for-sale financial assets and estimation of expected credit losses on its financial assets measured at amortised cost upon the adoption of HKFRS 9.

HKFRS 15

HKFRS 15 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, HKFRS 15 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 management of the Group preliminarily considers that the performance obligations that may be identified under HKFRS 15 are similar to the current identification of revenue components under the Group's existing revenue recognition policy developed under HKAS 18 and therefore, the adoption of HKFRS 15 in the future will have no significant impact on recognition of revenue. However, the application of HKFRS 15 in future may result in more disclosures.

HKFRS 16

HKFRS 16 significantly changes the lessee accounting by replacing the dual model under HKAS 17 with a single model which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases unless the exemptions apply. Besides, among other changes, it requires enhanced disclosures to be provided by lessees and lessors. Based on the preliminary assessment, the management is of the opinion that the leases of certain properties by the Group which are currently classified as operating leases under HKAS 17 will trigger the recognition of right-of-use assets and lease liabilities in accordance with HKFRS 16. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively, of which the amount in total for each reporting period is not expected to be significantly different from the periodic operating lease expenses recognised under HKAS 17. Apart from the effects as outlined above, it is not expected that HKFRS 16 will have a material impact on the future financial position, financial performance and cash flows of the Group upon adoption.

At 31 March 2018, the total future minimum lease payments under non-cancellable operating leases of the Group in respect of office premises amounted to approximately HK$35,306,000. The Directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expenses on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's consolidated financial statement as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events such as a change in the lease term and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets.

Except for HKFRS 9, HKFRS 15 and HKFRS 16 as set out below, the directors of the Company (the "**Directors**") do not anticipate that the application of these new standards and amendments will have any material impact on the Group's financial statements in the future.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost except for certain financial instruments which were stated at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date when such control ceases.

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated income statement and the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

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

Changes in ownership interests

Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when the control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when the control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the holding company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when the control is lost.

Critical judgements made in applying accounting policies

(i) *Subsidiary – Oriental City Group (Thailand) Company Limited ("**OCG Thailand**")*

According to the relevant laws and regulations in Thailand, in particular the Foreign Business Act (the "**FBA**"), OCG Thailand, being a company engaged in merchant acquiring business in Thailand, must be owned as to more than 50% by Thai citizens.

With reference to the capital and voting rights structure of ordinary shares and preference shares (together the "**Preference Shares Structure**") of OCG Thailand, majority of OCG Thailand's issued capital, including ordinary and preference share capital, is owned by Thai citizens. However, the Group is able to exercise more than 50% voting power in any shareholders' meeting of OCG Thailand.

The Company's legal advisors have confirmed that the Preference Shares Structure is in compliance with all existing laws and regulations in Thailand, in particular the FBA. In light of no previous supreme court judgement ruling the invalidity of similar capital structure of OCG Thailand as opposed to the FBA and related interpretations, after due and careful consideration of all relevant factors together with the legal opinion obtained, the management assesses and concludes that the Preference Shares Structure is valid, legal and enforceable in Thailand.

Based upon the management's judgement on the Preference Shares Structure, the Company accounts for OCG Thailand as a subsidiary on the ground that it is able to control the operations of OCG Thailand by exercising its majority voting power in any shareholders' meeting of OCG Thailand.

(ii) Subsidiary –上海雍勒信息技術有限公司 (Shanghai Yongle Information Technology Limited, "**Shanghai Yongle**")*

By implementation of a series of structured agreements entered among an indirect wholly-owned subsidiary of the Company, 深圳前海雍勒信息技術服務有限公司 (Shenzhen Qianhai Yongle Information Services Limited*, "**Shenzhen Yongle**"), Shanghai Yongle and the legal owners of Shanghai Yongle (the "**Shenzhen Yongle Structured Agreements**"), Shenzhen Yongle had obtained control over Shanghai Yongle and Shenzhen Yongle is exposed, or has rights, to variable returns from its involvement with Shanghai Yongle and has the ability to affect those returns through its power over Shanghai Yongle.

The Company's legal advisors as to the applicable laws and regulations in the PRC have confirmed that the Shenzhen Yongle Structured Agreements are in compliance with all existing laws and regulations in the PRC. After due and careful consideration of all relevant factors together with the legal opinion obtained, the management assesses and concludes that the Shenzhen Yongle Structured Agreements are valid, legal and enforceable in the PRC.

Based upon the management's judgement on the Shenzhen Yongle Structured Agreements, the Company accounts for Shanghai Yongle and its subsidiaries, 微科睿思在綫(北京)科技有限公司 (Wei Ke Rui Si Online (Beijing) Technology Company Limited*, "**Beijing Weike**") and 開聯通支付服務有限公司 (Open Union Payment Services Limited*, "**Open Union**"), as subsidiaries in accordance with HKFRS 10.

As the Group holds no equity interests in Shanghai Yongle but is subject to the Shenzhen Yongle Structured Agreements, significant judgement is necessary as to whether these contracts give the Group the ability to exercise control over Shanghai Yongle, including consideration of the PRC legal and regulatory requirements, foreign exchange control, or other influences, such as, force majeure etc.

(iii) Subsidiary –上海靜元信息技術有限公司 (Shanghai Jingyuan Message Technology Limited, "**Shanghai Jingyuan**")*

By implementation of a series of structured agreements entered among an indirect wholly-owned subsidiary of the Company, 客樂芙信息技術(上海)有限公司 (Colourful Message Technology (Shanghai) Limited*, "***Colourful***"), Shanghai Jingyuan and the legal owners of Shanghai Jingyuan (the "**Colourful Structured Agreements**"), Colourful had obtained control over Shanghai Jingyuan and Colourful is exposed, or has rights, to variable returns from its involvement with Shanghai Jingyuan and has the ability to affect those returns through its power over Shanghai Jingyuan.

The Company's legal advisors as to the applicable laws and regulations in the PRC have confirmed that the Colourful Structured Agreements are in compliance with all existing laws and regulations in the PRC. After due and careful consideration of all relevant factors together with the legal opinion obtained, the management assesses and concludes that the Colourful Structured Agreements are valid, legal and enforceable in the PRC.

Based upon the management's judgement on the Colourful Structured Agreements, the Company accounts for Shanghai Jingyuan and its subsidiary, 上海遨樂網絡科技有限公司 (Shanghai Aole Internet Technology Limited*, "**Shanghai Aole**"), as subsidiaries in accordance with HKFRS 10.

As the Group holds no equity interests in Shanghai Jingyuan but is subject to the Colourful Structured Agreements, significant judgement is necessary as to whether these contracts give the Group the ability to exercise control over Shanghai Jingyuan, including consideration of the PRC legal and regulatory requirements, foreign exchange control, or other influences, such as, force majeure etc.

* *English translation for identification purpose only.*

3. SEGMENT REPORTING

The Directors have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments. Based on risks and returns and the Group's internal financial reporting, the Directors consider that the operating segments of the Group comprise:

(i) prepaid cards and internet payment business in the PRC;

(ii) prestige benefits business in the PRC;

(iii) internet micro-credit business in the PRC;

(iv) merchant acquiring business in Thailand; and

(v) securities investment business in Hong Kong.

In addition, the Directors consider that the Group's place of domicile is Hong Kong, where the central management and control is located.

Segment results, which are the measures reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of other income, other gain or loss, finance costs, general administrative expenses incurred by corporate office, share of results of joint ventures and associates and income tax.

Segment assets include property, plant and equipment, intangible assets, goodwill, interests in associates and joint ventures, other investments, deferred tax assets, financial assets at fair value through profit or loss, inventories, tax recoverable, trade and other receivables, restricted funds and cash and bank balances. All assets are allocated to operating segments other than unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities include trade and other payables, tax payables, contingent consideration, deferred tax liabilities and other long-term liabilities. All liabilities are allocated to operating segments other than unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

In determining the Group's geographical segments, revenue is attributed to the segments based on the location where services are provided, assets and capital expenditure are attributed to the segments based on the location of the assets. The geographical segment information is reflected within operating segment information as the Group's five distinctive business activities are provided in three different locations.

Revenue from customers contributing 10% or more of the total revenue of the Group is also reflected within the operating segment information.

Year ended 31 March 2018

	Prepaid cards and internet payment business *HK$'000*	Prestige benefits business *HK$'000*	Internet micro-credit business *HK$'000*	Merchant acquiring business *HK$'000*	Securities investment business *HK$'000*	Consolidated *HK$'000*
Segment revenue						
Major customer A	–	93,343	–	–	–	93,343
Major customer B	–	136,636	–	–	–	136,636
Other customers	110,336	52,959	99,125	106,083	–	368,503
	110,336	282,938	99,125	106,083	–	598,482
Segment results	18,236	(6,221)	(15,222)	1,742	(56,709)	(58,174)
Unallocated other income						11,837
Unallocated finance costs						(47,432)
Unallocated other expenses and losses						(90,772)
Fair value loss on contingent consideration						(20,676)
Fair value gain on derivative financial instruments						16,678
Gain on disposal of subsidiaries						4,329
Loss on disposal of equity interests in a joint venture						(144)
Impairment loss on goodwill						(73,588)
Impairment loss on interests in associates						(67,893)
Share of results of joint ventures						187
Share of results of associates						(30,453)
Loss before tax						(356,101)
Income tax expenses						(8,353)
Loss for the year						(364,454)

Year ended 31 March 2017

	Prepaid cards and internet payment business HK$'000	Prestige benefits business HK$'000	Internet micro-credit business HK$'000	Merchant acquiring business HK$'000	Securities investment business HK$'000	Consolidated HK$'000
Segment revenue						
Major customer A	–	66,892	–	–	–	66,892
Major customer B	–	58,161	–	–	–	58,161
Other customers	119,592	55,217	91,832	97,427	–	364,068
	119,592	180,270	91,832	97,427	–	489,121
Segment results	22,406	28,049	(28,446)	14,341	(68,677)	(32,327)
Unallocated other income						1,881
Unallocated finance costs						(31,095)
Unallocated other expenses and losses						(102,189)
Fair value loss on contingent consideration						(5,763)
Fair value gain on derivative financial instruments						8,617
Gain on disposal of subsidiaries						570
Impairment loss on goodwill						(988)
Share of results of joint ventures						265
Share of results of associates						(1,874)
Loss before tax						(162,903)
Income tax expenses						(9,817)
Loss for the year						(172,720)

An analysis of the Group's assets and liabilities by operating segments is set out below:

At 31 March 2018

	Prepaid cards and internet payment business *HK$'000*	Prestige benefits business *HK$'000*	Internet micro-credit business *HK$'000* *<Note>*	Merchant acquiring business *HK$'000*	Securities investment business *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Property, plant and equipment	37,628	1,481	3,820	11,999	–	316	55,244
Intangible assets	22,940	6	41,245	1,312	–	–	65,503
Goodwill	478,075	155,055	–	–	–	–	633,130
Financial assets at fair value through profit or loss	–	–	–	–	83,312	–	83,312
Other assets	864,915	95,629	434,418	72,243	35,449	92,770	1,595,424
Total assets	1,403,558	252,171	479,483	85,554	118,761	93,086	2,432,613
Total liabilities	420,660	72,644	22,414	50,490	1,000	463,648	1,030,856
Additional segment information:							
Amortisation	7,479	71	6,079	221	–	–	13,850
Depreciation	5,486	417	468	2,847	–	315	9,533
Fair value loss on contingent consideration	–	20,676	–	–	–	–	20,676
Fair value loss on financial assets at fair value through profit or loss	–	–	–	–	56,388	–	56,388
Fair value gain on derivative financial instruments	–	–	–	–	–	16,678	16,678
Impairment loss on goodwill	36,226	37,362	–	–	–	–	73,588
Impairment loss on interests in associates	67,893	–	–	–	–	–	67,893
Impairment loss on loan receivables	–	–	24,770	–	–	–	24,770
Share-based compensation costs	–	–	–	–	–	44,661	44,661
Spin-off expenses	–	–	–	9,988	–	–	9,988
Write-off of other receivables and deposits	980	200	5,895	–	–	2,655	9,730
Write-off of loan receivables	–	–	6,989	–	–	–	6,989
Additions in intangible assets	116	–	41,451	551	–	–	42,118
Additions in property, plant and equipment	1,610	1,514	3,843	5,846	–	9	12,822

At 31 March 2017

	Prepaid cards and internet payment business HK$'000	Prestige benefits business HK$'000	Internet micro-credit business HK$'000 <Note>	Merchant acquiring business HK$'000	Securities investment business HK$'000	Unallocated HK$'000	Consolidated HK$'000
Property, plant and equipment	39,947	543	230	7,909	–	647	49,276
Intangible assets	27,212	73	6,313	863	–	–	34,461
Goodwill	465,397	192,417	–	–	–	–	657,814
Financial assets at fair value through profit or loss	–	–	–	–	139,700	–	139,700
Other assets	627,226	73,225	401,013	28,959	9,574	329,904	1,469,901
Total assets	1,159,782	266,258	407,556	37,731	149,274	330,551	2,351,152
Total liabilities	464,564	90,984	14,952	15,268	–	469,722	1,055,490
Additional segment information:							
Amortisation	6,444	69	336	45	–	–	6,894
Depreciation	5,410	246	66	2,450	–	340	8,512
Fair value loss on contingent consideration	–	–	–	–	–	5,763	5,763
Fair value loss on financial assets at fair value through profit or loss	–	–	–	–	68,580	–	68,580
Fair value gain on derivative financial instruments	–	–	–	–	–	8,617	8,617
Impairment loss on goodwill	–	–	988	–	–	–	988
Impairment loss on intangible assets	–	–	4,160	–	–	–	4,160
Share-based compensation costs	–	–	–	–	–	62,330	62,330
Additions in intangible assets	5,567	–	6,798	419	–	–	12,784
Additions in property, plant and equipment	6,184	613	220	7,531	–	86	14,634

<Note>

At 31 March 2018 and 2017, the Group's specified non-current assets (other than financial instruments and deferred tax assets) under internet micro-credit business segment were physically located in the PRC.

4. REVENUE

Revenue is analysed by category as follows:

	2018	2017
	HK$'000	*HK$'000*
Prepaid cards and internet payment business		
Card issuing service fee income	**538**	648
Management fee income of prepaid cards	**13,800**	76,801
Merchant service fee income	**80,459**	25,051
Interest income from accumulated unutilised float funds	**7,611**	10,549
Software development income	**3,805**	1,388
Sales and service fee income of point of sales machines	**4,123**	5,155
Prestige benefits business		
Issuance income of prestige benefits cards	**199,389**	139,294
Hotel booking agency service income	**83,549**	40,976
Internet micro-credit business		
Sales of goods	**20,570**	84,308
Loan interest income	**75,983**	7,524
Trade financing software development income	**2,572**	–
Merchant acquiring business		
Merchant acquiring transaction fee income	**81,457**	74,688
Foreign exchange rate discount income	**24,050**	22,739
Marketing service income	**576**	–
	598,482	489,121

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Bank interest income from self-owned funds	**2,648**	1,179
Gain on disposal of property, plant and equipment	**–**	3
Gain on disposal of intangible assets	**65**	–
Government grants	**1,550**	–
Investment income arising from other investments	**2,243**	412
Exchange gain, net	**4,987**	10
Sundry income	**344**	277
	11,837	1,881

6. LOSS BEFORE TAX

This is stated after charging:

		2018	2017
		HK$'000	*HK$'000*
(a)	**Finance costs**		
	Effective interest expense on convertible bonds	**12,147**	7,245
	Finance costs on other long-term liabilities	**172**	163
	Interest on bonds payables	**35,113**	23,687
		47,432	31,095
(b)	**Staff costs, including key management remuneration**		
	Salaries, allowances and other short-term employee benefits	**87,647**	77,753
	Contributions to defined contribution plans	**17,251**	14,091
	Share-based compensation costs	**36,701**	43,965
		141,599	135,809
(c)	**Key management remuneration, including directors' remuneration**		
	Salaries, allowances and other short-term employee benefits	**5,960**	10,549
	Contributions to defined contribution plans	**54**	90
	Share-based compensation costs	**14,748**	33,225
		20,762	43,864
(d)	**Other items**		
	Auditor's remuneration	**1,687**	1,710
	Amortisation of intangible assets (included in "General administrative expenses" and "Selling and distribution costs",as appropriate)	**13,850**	6,894
	Cost of goods sold	**19,972**	82,342
	Depreciation of property, plant and equipment	**9,533**	8,512
	Operating lease charges on premises	**17,069**	13,980
	Impairment loss on intangible assets (included in "General administrative expenses")	**–**	4,160
	Loss on disposal of property, plant and equipment	**215**	–
	Impairment loss on loan receivables *(Note 10(b))*	**24,770**	543
	Share-based compensation costs to service providers	**7,960**	18,365
	Spin-off expenses *(Note i)*	**9,988**	–
	Write-down of inventories	**676**	–
	Write-off of intangible assets	**–**	1,554
	Write-off of other receivables and deposits *(Note ii)*	**9,730**	1,741
	Write-off of loan receivables	**6,989**	–
	Write-off of property, plant and equipment	**844**	656

Note:

(i) The amount represents expenses incurred for processing the spin-off and separate listing of the Group's merchant acquiring business in Thailand on GEM (the "**Spin-off**").

(ii) During the year, the Group has written-off certain receivables from or deposits to other debtors as management considered that recoverability of these receivables and deposits is uncollectable.

7. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax	**7,382**	4,490
Thailand Enterprise Income Tax	**1,995**	2,300
Withholding tax on dividend declared by a foreign subsidiary	**1,231**	–
	10,608	6,790
Deferred tax		
Recognition of tax losses	**(279)**	–
(Reversal) Origination of temporary difference	**(1,976)**	3,027
	(2,255)	3,027
Income tax expenses for the year	**8,353**	9,817

(i) Hong Kong Profits Tax

Hong Kong Profits Tax has not been provided as some group entities' estimated assessable profits for the year were wholly absorbed by unrelieved tax losses brought forward from previous year, some incurred a loss for taxation purpose, and the others had no assessable profits in Hong Kong for the years ended 31 March 2018 and 2017.

(ii) Income taxes outside Hong Kong

The Company and its subsidiaries established in the British Virgin Islands ("**BVI**") are exempted from the payment of income tax of the respective jurisdiction.

The Group's operations in the PRC are subject to enterprise income tax ("**PRC Enterprise Income Tax**") of the PRC at 25% (2017: 25%), except for Open Union and Shanghai Jingyuan (2017: Open Union and Shanghai Jingyuan) which are subject to PRC Enterprise Income Tax at a preferential rate of 15% (2017: 15%) for high and new technology enterprises.

The Group's operations in Thailand are subject to Thailand Enterprise Income Tax at 20% (2017: 20%).

The Group's operation in Singapore is subject to Singapore Income Tax at 17% (2017: 17%).

The Group's operation in Korea is subject to Korea Corporate Income Tax ranged from 10% to 22% (2017: 10% to 22%).

The Group's operations in Cambodia established during the year ended 31 March 2018 are subject to Cambodia Corporate Income Tax at 20%.

Dividends payable by a foreign invested enterprise in the PRC or Thailand to its foreign investors are subject to a 10% withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with the PRC or Thailand that provides for a different withholding arrangement.

Dividends payable by an enterprise in Cambodia to its foreign investors are subject to a 14% withholding tax.

Reconciliation of income tax expenses

	2018	2017
	HK$'000	*HK$'000*
Loss before tax	**(356,101)**	(162,903)
Income tax at applicable tax rate	**(61,955)**	(25,882)
Non-deductible expenses	**73,583**	35,436
Tax exempt revenue	**(2,417)**	(890)
Unrecognised tax losses	**194**	2,421
Utilisation of previously unrecognised tax losses	**(723)**	(920)
Recognition of previously unrecognised deferred tax assets	**(279)**	–
Withholding tax on dividends declared by a foreign subsidiary	**1,230**	–
Others	**(1,280)**	(348)
Income tax expenses for the year	**8,353**	9,817

The applicable tax rate is the weighted average of rates prevailing in the territories in which the Group's entities operate against profit or loss before tax. The change in applicable tax rate is caused by changes in the taxable results of the Group's subsidiaries in the respective countries in which the Group operates.

8. LOSS PER SHARE

Basic loss per share is calculated based on the loss for the year ended 31 March 2018 attributable to the equity holders of the Company of approximately HK$361,229,000 (2017: HK$174,396,000) and on the weighted average number of 1,568,783,788 ordinary shares (2017: 1,444,599,384 ordinary shares) in issue during the year ended 31 March 2018.

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive during the years ended 31 March 2018 and 2017.

9. DIVIDENDS

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

10. TRADE AND OTHER RECEIVABLES

	Note	2018 HK$'000	2017 HK$'000
Trade and bills receivables	*(a)*	**122,218**	86,763
Loan receivables, net of allowances	*(b)*	**223,604**	136,672
Other receivables			
Deposits on investments	*(c)*	**91,063**	302,921
Deposits paid to merchants	*(d)*	**20,294**	19,921
Deposits, prepayments and other debtors	*(e)*	**105,016**	106,903
Due from associates	*(f)*	**11,932**	11,274
		228,305	441,019
		574,127	664,454
Analysed by:			
Non-current		**91,063**	302,921
Current		**483,064**	361,533
		574,127	664,454

Included in trade and other receivables is the following amount denominated in a currency other than the functional currency of the Group's entities:

	2018 HK$'000	2017 HK$'000
RMB	**27,697**	50,315
US$	**42,311**	10,265
	70,008	60,580

(a) Trade and bills receivables

The Group allows a credit period up to 90 days to its trade debtors. At the end of the reporting period, the ageing analysis of the trade and bills receivables by invoice date or bills issuance date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Less than 1 month	**77,967**	61,922
1 month to 3 months	**15,759**	14,199
3 months to 6 months	**19,559**	10,186
Over 6 months	**8,933**	456
	122,218	86,763

At the end of the reporting period, the ageing analysis of the trade and bills receivables by due date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Current	**77,623**	65,450
Past due:		
Less than 1 month	**7,182**	6,496
1 month to 3 months	**15,262**	6,692
3 months to 6 months	**13,467**	7,713
Over 6 months	**8,684**	412
	44,595	21,313
	122,218	86,763

The trade and bills receivables (including past due receivables) are assessed not to be impaired as there is no significant change in credit quality and the Directors believe that the amounts are fully recoverable. The Group does not hold any collateral over these balances.

(b) Loan receivables, net of allowances

	2018	2017
	HK$'000	*HK$'000*
Loan receivables, gross	**232,538**	137,203
Impairment allowances	**(8,934)**	(531)
	223,604	136,672

At the end of the reporting period, loan receivables (1) include an aggregate amount of approximately HK$27,697,000 and HK$70,077,000 secured by personal guarantee provided by equity holder of the borrowers and corporate guarantee provided by service providers respectively (2017: approximately HK$59,855,000 secured by personal guarantee provided by equity holder of the borrowers), and the remaining balances are unsecured; (2) include an aggregate amount of approximately HK$212,135,000 (2017: HK$122,801,000) which carries interest rates ranging from 8% to 24% per annum (2017: 8% to 18% per annum), and the remaining balances are interest-fee; and (3) have contractual loan period between 3 months to 12 months (2017: 3 months to 24 months).

Movements of impairment loss on loan receivables are as follows:

	2018	2017
	HK$'000	*HK$'000*
At the beginning of the reporting period	**531**	–
Impairment loss	**24,770**	543
Write-off	**(16,892)**	–
Exchange realignments	**525**	(12)
At the end of the reporting period	**8,934**	531

Impairment provisions are recognised for financial reporting purposes only for losses that have incurred at the end of reporting period based on objective evidence of impairment.

At the end of the reporting period, the ageing analysis of loan receivables (net of allowances) prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	2018	2017
	HK$'000	*HK$'000*
Less than 1 month	**5,642**	24,296
1 month to 3 months	**34,073**	24,119
3 months to 6 months	**89,938**	9,852
Over 6 months	**93,951**	78,405
	223,604	136,672

At the end of the reporting period, the ageing analysis of loan receivables (net of allowances) prepared based on contractual due date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Not yet past due	**162,465**	135,353
Past due:		
Less than 1 month	**5,321**	752
1 month to 3 months	**8,126**	564
3 months to 6 months	**23,418**	3
Over 6 months	**24,274**	–
	61,139	1,319
	223,604	136,672

Loan receivables that were neither past due nor impaired related to a wide range of borrowers for whom there was no recent history of default.

Loan receivables that were past due but not impaired relate to borrowers that have good track record with the Group. Based on past experience, the Directors are of the opinion that no impairment is necessary in respect of these balances as there has not been significant change in credit quality of the borrowers and the balances are still considered fully recoverable.

(c) Deposits on investments

	2018	2017
	HK$'000	*HK$'000*
Deposits on acquisition of the remaining interests in Open Union	**65,000**	33,822
Deposits on potential acquisitions of Chengfu Investment	**–**	236,899
Deposits on potential investments in equity interests in other entities	**22,500**	20,307
Deposits on potential investments in equity interests and acquisition of assets from other entities	**3,563**	5,636
Other deposits on investments	**–**	6,257
	91,063	302,921

(d) Deposits paid to merchants

The amounts represented deposits paid to merchants as guarantees for the settlement of the spending made by prepaid cards' holders and internet payment accounts' holders.

(e) Deposits, prepayments and other debtors

	Note	**2018** *HK$'000*	2017 *HK$'000*
Funds prepaid to merchants	*(i)*	**2,673**	7,495
Receivables from a service provider	*(ii)*	**39,649**	–
Other deposits, prepayments and other debtors		**62,494**	57,477
Trade deposits and prepayments		**200**	41,931
		105,016	106,903

Notes:

(i) The amounts represented funds remitted to the merchants in advance for the settlement of the spending to be made by the prepaid cards' holders and internet payment accounts' holders. The prepaid amounts are based on the historical spending pattern and expected transaction value with individual merchants.

(ii) The amounts represented other receivables from a service provider of Massnet Microcredit Company (Chongqing) Limited for guarantee provided on certain loan receivables of the Group. The amounts are unsecured, interest-free and repayable on demand.

(f) Due from associates

The amounts due are unsecured, interest-free and repayable on demand.

11. TRADE AND OTHER PAYABLES

	Note	2018 HK$'000	2017 HK$'000
Trade payables	*(a)*	**85,888**	31,744
Prestige benefits cards – provision of hotel and catering expenses	*(b)*	**13,031**	14,215
Unutilised float funds	*(c)*	**361,658**	421,389
		460,577	467,348
Other payables			
Accruals and other payables		**55,691**	46,348
Due to a joint venture	*(d)*	**4,282**	4,707
Due to ex-shareholder of a subsidiary	*(d)*	**922**	832
Due to a director	*(d)*	**3,750**	–
		64,645	51,887
		525,222	519,235

(a) Trade payables

The credit periods of trade payables ranged from 30 to 60 days. At the end of the reporting period, the ageing analysis of the trade payables by invoice date is as follows:

	2018 HK$'000	2017 HK$'000
Less than 1 month	**77,198**	31,145
1 month to 3 months	**4,120**	198
Over 3 months	**4,570**	401
	85,888	31,744

(b) Prestige benefits cards – provision of hotel and catering expenses

	2018 HK$'000	2017 HK$'000
At the beginning of the reporting period	**14,215**	9,659
Additions	**96,690**	14,215
Utilised	**(97,874)**	(9,659)
At the end of the reporting period	**13,031**	14,215

(c) **Unutilised float funds**

The balances represented amounts prepaid by the prepaid cards' holders and internet payment accounts' holders to the Group and unutilised at the end of the reporting period. The Group is required to pay to the merchants from these funds when the prepaid cards' holders and internet payment accounts' holders make purchase transactions with respective merchants. The settlement terms with merchants vary and are dependent on the negotiation between the Group and individual merchants and number of purchase transactions.

(d) **Due to a joint venture/ex-shareholder of a subsidiary/a director**

The amounts due are unsecured, interest-free and repayment on demand.

12. OTHER LONG-TERM LIABILITIES

Other long-term liabilities represent preference shares issued by OCG Thailand.

At the end of the reporting period, the Group had an outstanding amount due to a non-controlling shareholder of Baht 7,650,000 (equivalent to approximately HK$1,936,000) (2017: Baht 7,650,000 (equivalent to approximately HK$1,747,000)) in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9.5% per annum, with no accrued dividend payable (2017: Baht 727,000 (equivalent to approximately HK$164,000)).

13. BONDS/CONVERTIBLE BONDS

In July 2016, the Company entered into subscription agreements with three independent third parties to issue:

(i) bonds with coupon interest rate of 9% per annum (the "**First Bonds**") in the principal amount of US$32 million (equivalent to approximately HK$248 million) which will mature on the third anniversary of the issue date; and

(ii) convertible bonds with coupon interest rate of 4% per annum (the "**First Convertible Bonds**") in the principal amount of US$8 million (equivalent to approximately HK$62 million) which will mature on the third anniversary of the issue date. Based on the initial conversion price of HK$1.90 per share, the holder of the First Convertible Bonds could convert into a maximum of 32,631,578 ordinary shares of the Company in any time on or after the date of issuance of the First Convertible Bonds up to and inclusive of the maturity date. The net price per conversion share under the First Convertible Bonds to be issued is approximately HK$1.87.

The issuance of the First Bonds and the First Convertible Bonds were completed on 1 August 2016 and 12 August 2016, respectively. Details of the subscription of the First Bonds and the First Convertible Bonds including their major terms (including covenants, undertaking and security) are set out in the announcement of the Company dated 31 July 2016.

In August 2016, the Company entered into further subscription agreements with an independent third party to issue:

(i) bonds with coupon interest rate of 9% per annum (the "**Second Bonds**") in the principal amount of US$16 million (equivalent to approximately HK$124 million) which will mature on the third anniversary of the issue date; and

(ii) convertible bonds with coupon interest rate of 4% per annum (the "**Second Convertible Bonds**") in the principal amount of US$4 million (equivalent to approximately HK$31 million) which will mature on the third anniversary of the issue date. Based on the initial conversion price of HK$1.90 per share, the holder of the Second Convertible Bonds could convert into a maximum of 16,315,789 ordinary shares of the Company, in any time on or after the date of issuance of the Second Convertible Bonds up to and inclusive of the maturity date. The net price per conversion share under the Second Convertible Bonds to be issued is approximately HK$1.87.

The issuance of the Second Bonds and the Second Convertible Bonds were completed on 4 August 2016 and 12 August 2016, respectively. Details of the subscription of the Second Bonds and the Second Convertible Bonds including their major terms (including covenants, undertaking and security) are set out in the announcement of the Company dated 2 August 2016.

The Company may redeem the First Convertible Bonds and/or the Second Convertible Bonds (collectively the "**Convertible Bonds**"), in whole but not in part, (i) on the first anniversary of the issue date of the Convertible Bonds, at a redemption price equals to 102% of the outstanding principal amount of the Convertible Bonds or (ii) on the second anniversary of the issue date of the Convertible Bonds, at a redemption price equals to 105% of the outstanding principal amount of the Convertible Bonds, in each case together with accrued and unpaid interest, default interest and costs and expenses reasonably incurred and are due and payable under the instruments of the Convertible Bonds to the redemption date.

The conversion price will be subject to the adjustment in certain circumstances. In the case of (i) offer of new shares for subscription by way of rights, or grant of options or warrants to subscribe for new shares; (ii) issuance of any securities, which are convertible into or exchangeable for or carrying rights of subscription of new shares, by the Company wholly for cash; (iii) modification of the rights of conversion or exchange or subscription attached to any of (ii); (iv) issuance of shares wholly for cash; and (v) issuance of shares by the Company for the acquisition of asset, the adjustment to the conversion price of the Convertible Bonds will take place only where the issue price or total effective consideration per share for shares to be allotted and issued by the Company upon conversion of the Convertible Bonds is less than 95% of the current market price per share.

At the date of issue of the Convertible Bonds, the embedded derivative components (i.e. early redemption option by the Company and conversion option by the bonds holders) of the Convertible Bonds (the "**Derivative Component**") were recognised at fair value and the excess of proceeds over the Derivative Component is recognised as the liability component. The Group has engaged an independent professional valuer to estimate the fair value of the Derivative Component on the date of issue of the Convertible Bonds.

The movements of the Convertible Bonds were as follows:

Derivative Component, classified as financial liabilities at fair value through profit or loss

	Conversion option	Early redemption option	Total
	HK$'000	*HK$'000*	*HK$'000*
At the issue date	32,821	(5,999)	26,822
Fair value changes	(3,820)	(4,797)	(8,617)
At 31 March 2017 and at 1 April 2017	29,001	(10,796)	18,205
Fair value changes	(27,474)	10,796	(16,678)
At 31 March 2018	**1,527**	**–**	**1,527**

Liability Component, classified as financial liabilities at amortised costs

	HK$'000
Nominal value of the Convertible Bonds issued	93,000
Derivative Component	(26,822)
Transaction costs allocated	(1,237)
At the issue date	64,941
Effective interest expenses	5,343
At 31 March 2017 and at 1 April 2017	70,284
Effective interest expenses	12,147
Interest paid	(3,781)
At 31 March 2018	**78,650**

14. SHARE CAPITAL

	2018		2017	
		Nominal value	Number of shares	Nominal value
		HK$'000		*HK$'000*
Authorised	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid				
At the beginning of the reporting period	**1,461,165,438**	**14,611**	1,452,639,159	14,526
Cancellation of shares in June 2016	**–**	**–**	(16,590,000)	(166)
Allotment of shares in January 2017	**–**	**–**	25,116,279	251
Shares issued upon subscription in August 2017 *(Note (a))*	**150,000,000**	**1,500**	–	–
Allotment of shares in December 2017 *(Note (b))*	**33,023,255**	**330**	–	–
At the end of the reporting period	**1,644,188,693**	**16,441**	1,461,165,438	14,611

Note:

(a) In August 2017, a total number of 150,000,000 ordinary shares were issued via subscription to Gayang (Hong Kong) Co., Limited, a company ultimately controlled by Mr. Yan Dinggui, an executive director of the Company, at a price of HK$1.25 per share. The Company raised proceeds of approximately RMB165,430,000 (equivalent to approximately HK$190,000,000) to finance the Group's potential acquisition, investments and business expansion and settle borrowings (including bonds) and interest expenses incurred by the Company. The expenses of approximately HK$2,832,000 arising from the subscription were recognised in the share premium account of the Company.

(b) On 5 December 2017, the Company issued 33,023,255 shares of which approximately HK$330,000 was credited to share capital and the remaining balance of approximately HK$46,893,000 was credited to share premium account in relation to the settlement of the Third Tranche Consideration for the acquisition of AE Investment Consulting Limited.

All shares issued during the year rank pari passu with the existing shares in all respects.

15. DISPOSAL OF SUBSIDIARIES

On 1 January 2018, the Group entered into a sales and purchase agreement pursuant to which the Group agreed to transfer its 100% equity interests in Oriental City Group China Limited ("**OCG China BVI**") and its wholly owned subsidiary, Oriental City Group (Hainan) Services Limited ("**OCG Hainan**"), at a consideration of HK$500,000 to an independent third party. The principal activities of OCG China BVI and OCG Hainan are investment holding and inactive, respectively. The disposal transaction was completed on 1 January 2018.

The following summarises the consideration and the carrying amount of the assets and liabilities at the date of disposal:

	HK$'000
Net liabilities disposed of	
Property, plant and equipment	18
Other receivables	360
Bank balances and cash	12,804
Other payables	(15,784)
	(2,602)
Derecognition of reserves upon disposal of subsidiaries	(1,227)
Gain on disposal of subsidiaries	4,329
	500
Net cash flow on disposal of subsidiaries	
Cash consideration	500
Cash and cash equivalents disposed of	(12,804)
Net outflow of cash and cash equivalents	(12,304)

16. ACQUISITION OF A SUBSIDIARY

On 5 July 2016, 上海啟峻投資有限公司(Shanghai Qijun Investment Limited*, "Qijun Investment"), a wholly owned subsidiary of the Company, and Chengfu Investment entered into two loan agreements (the "**Previous Loan Agreements**"), pursuant to which Qijun Investment agreed to grant to Chengfu Investment loans of approximately RMB31 million (equivalent to approximately HK$35.7 million) (the "**Previous Loan A**") and approximately RMB9 million (equivalent to approximately HK$10.4 million) (the "**Previous Loan B**") respectively. Both Previous Loan A and Previous Loan B bore an interest rate of 12.5% per annum and had a term of one year from the date of drawdown.

Prior to entering into the Previous Loan Agreements, on 15 May 2016, Chengfu Investment entered into share transfer agreements with (i) 深圳市長亮科技股份有限公司(Shenzhen Changliang Technology Co., Limited*, "Changliang Technology") (the "**SPA One**") and (ii) 深圳市鼎恒瑞祥投資企業(有限合夥) (Shenzhen Dinghengruixiang Investment Limited (Limited Partnership)*, "Dingheng Investment") (the "**SPA Two**") respectively, pursuant to which Changliang Technology and Dingheng Investment agreed to sell and Chengfu Investment agreed to acquire 31.63% and 9.25% shareholding interests in the CUL Group, a service provider of single-merchant prepaid cards in the PRC, at consideration of approximately RMB154.8 million (equivalent to approximately HK$178.3 million) plus accrued interest arising from the SPA One (the "**Accrued Interest A**"), and approximately RMB45.2 million (equivalent to approximately HK$52.1 million) plus accrued interest arising from the SPA Two (the "**Accrued Interest B**"). After completion of the acquisition of shares in the SPA One and the SPA Two, which was completed on 30 June 2017, Chengfu Investment's shareholding in the CUL Group had been increased from 8.0% to 48.88%.

On 18 August 2016, Qijun Investment and Chengfu Investment further entered into two loan agreements, pursuant to which Qijun Investment agreed to grant to Chengfu Investment further loans of approximately RMB123.8 million (equivalent to approximately HK$142.6 million) plus the Accrued Interest A (collectively the "**Loan A**") and approximately RMB36.2 million (equivalent to approximately HK$41.7 million) plus the Accrued Interest B (collectively the "**Loan B**") respectively. Both Loan A and Loan B bore an interest rate of 12.5% per annum and had a term of one year from the date of drawdown.

Further on 18 August 2016, Qijun Investment entered into an agreement (the "**Capital Injection Agreement**") with Chengfu Investment and the equity holders of Chengfu Investment pursuant to which Qijun Investment shall capitalise a sum equivalent to the aggregate amount of the Previous Loan A, the Previous Loan B, the Loan A and the Loan B (collectively the "**Total Loan**") as equity interests in Chengfu Investment (the "**Chengfu Capital Injection**"). Details of the capital injection into Chengfu Investment, including their major terms were set out in the announcement of the Company dated 18 August 2016.

* *English translation for identification purpose only.*

On 30 June 2017, all of the conditions precedent under the Capital Injection Agreement have been fulfilled and the completion of the Chengfu Capital Injection took place and approximately RMB210.1 million (equivalent to HK$242 million) of the Total Loan had been capitalised. Upon the completion of the Chengfu Capital Injection, approximately RMB54.6 million (equivalent to approximately HK$62.9 million) was recognised as the registered capital of Chengfu Investment and the remaining balance of the Total Loan of approximately RMB155.5 million (equivalent to HK$179.1 million) was recognised as the capital reserve of Chengfu Investment. Accordingly, the Group, via Qijun Investment, held approximately 83.62% of the enlarged equity interests of Chengfu Investment. Details of the completion of the capital injection were set out in the announcement of the Company dated 30 June 2017.

In the opinion of the Directors, the acquisition does not constitute business combination as defined in HKFRS 3 (Revised) "**Business Combinations**". Therefore, the acquisition has been accounted for as acquisition of assets during the year.

The following summarised the consideration paid and the amounts of the assets acquired and liabilities assumed of Chengfu Investment at the date of acquisition:

	HK$'000
Consideration	
Deposit paid in prior year	242,042
Recognised amounts of identifiable assets acquired and liabilities assumed	
Interests in associates	288,242
Bank balances and cash	7
Trade and other receivables	1,487
Trade and other payables	(297)
Total identifiable net assets	289,439
Non-controlling interests recognised	(47,397)
	242,042
Net cash flow of acquisition of a subsidiary	
Net cash acquired from the subsidiary	7
Net inflow of cash and cash equivalents for the year	7

Since acquisition and up to 31 March 2018, Chengfu Investment has not contributed any revenue to the Group and incurred a loss of approximately HK$22,396,000. If the acquisition of Chengfu Investment had taken place at 1 April 2017, the consolidated revenue and loss of the Group would have been approximately HK$598,482,000 and approximately HK$362,901,000 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group offers a wide range of value-added and internet payment services to its customers and controls one of the only six payment service licences for nationwide prepaid cards and internet payment services in the People's Republic of China (the "**PRC**"). It has always been the Company's intention to provide its users with a one-stop solution combining payment, benefits and credit services.

For prepaid cards and internet payment business, the Group operated in a steady and compliant manner and received recognition and commendation from regulatory authorities in 2017. The prepaid cards business recorded a rapid growth, with the value of cards issued growing by 22% to RMB1.2 billion from 2016. The number and sector of merchants accepting prepaid cards further expanded, and the number of merchants under cooperation exceeded 1,500. Meanwhile, the prepaid card development in certain industries began to produce results. The charging value for healthcare cards exceeded RMB200 million, and the cooperation with several i-PASS companies and scenic spots were accomplished.

As one of the limited national prepaid card enterprises, we will utilise the resources of our branches to vigorously develop prepaid cards business across the nation in the future and intensively strengthened its presence in the areas of industry cooperation leveraging its own advantages.

For prestige benefits business, we are a leader in consolidating upstream and downstream prestige benefits resources in the PRC. It provides resources consolidation of prestige virtual benefits, benefits design and marketing and promotion for credit card centres of major domestic banks and international card issuance organisations. Meanwhile, the Company also offers customised membership benefits products to high-end customers through banking channels and other internet channels.

The Group is fully promoting further development of internet micro-credit business through infrastructure technology upgrading and business model optimisation. By adhering to its positioning of providing "inclusive financial services" and leveraging the internet scene platform, big data capability and technical applications, the Group will provide borrowers with various customised credit products based on their actual situations and meet their borrowing and consumption needs.

For merchant acquiring business in Thailand, the transaction value handled by the Group during the year amounted to Baht 26,057 million, representing a slightly decrease by approximately 2% when comparing with last year. It was mainly attributable to the significant decrease in transaction value during the first half year. After the mourning period following the death of the Thailand's King Bhumibol Adulyadej and the advertising and promotion campaigns launched with our major duty-free merchants, there was a rebound in transaction value since October 2017.

For investment business, please refer to "Significant Investments Held and Performance" on page 43-44.

BUSINESS OUTLOOK

For payment and benefits business, the Group focuses on business areas with rapid growth potentials to consolidate its market position. For credit business, the Group will continue to expand its internet-based credit services that can complement with the payment and benefits business.

For merchant acquiring business in Thailand, we are currently seeking for funding as we expect to use in various investments such as strengthening and broadening the market initiatives, recruitment of new talents and the expansion to Cambodia.

With the implementation and installation of the Group's smart point-of-sales terminals, the Group is also prepared to launch an innovative coupons promotion and redemption program with business partners in mainland China targeted to Chinese tourists abroad, in which Chinese tourists and customers are able to shop, enjoy and redeem their shopping or gift coupons (issued by business entities in China) through their mobile phones at the Group's point-of-sales terminals installed at participating merchants in Thailand.

To minimise the Group's reliance of a few major business partners and customers during the past years, the Group will continue to expand the global partnership in merchant acquiring business by teaming up with global network associations in order to render one-stop quality merchant payment services to the merchants in Thailand and serve diversified international tourists and cardholders in addition to Chinese tourists.

To exploit the business opportunities under the "Belt and Road" national policy of the PRC government, the Group is expanding its business to Cambodia as the next international market of the Group after Thailand so as to leverage on Cambodia's close economic relationship with the PRC and its development direction which is similar to that of Thailand in order to further expand its payment platform experience. The Group envisages that the tourism market and investment opportunities of the PRC and Cambodia will continue to grow significantly in the coming years. The Group has obtained approval in principle from National Bank of Cambodia on the establishment of the payment service provider in June 2018.

For investment business, the Group will continue to capitalise on financial investment opportunities in the Company's related industries or markets to enhance capital returns, facilitate future growth and develop of our core business segments.

FINANCIAL REVIEW

Revenue

The internet micro-credit services, the merchant acquiring transaction fee income and the foreign exchange rate discount income generated from merchant acquiring business in Thailand, the prepaid cards and internet payment business and the prestige benefits business all contributed to the total revenue of the Group for the year ended 31 March 2018. Total revenue of the Group for the year ended 31 March 2018 amounted to approximately HK$598 million, of which approximately HK$99 million was attributed to the internet micro-credit business; approximately HK$110 million was attributed to the prepaid cards and internet payment business; approximately HK$106 million was attributed to the merchant acquiring business in Thailand; and approximately HK$283 million was attributed to the prestige benefits business respectively.

The Group's revenue for the year ended 31 March 2018 was approximately HK$598 million, representing an increase of approximately 22% as compared than that of last year (2017: approximately HK$489 million) because of the significant increase in the revenue of the prestige benefits business. Such increase was mainly attributable to an increase of number of prestige benefits cards sold and new package promoted to customers.

For merchant acquiring business in Thailand, despite the slightly decrease in transaction volume handled, the increase in revenue was mainly attributable to a higher merchant discount rate ("**MDR**") charged for transactions in our merchant network using premium-class payment cards of China UnionPay.

Cost of Goods Sold/Cost of Services Rendered

Total cost of goods sold and cost of services rendered was amounted to approximately HK$364 million, represented an increase of approximately 36% as compared with the same recorded in last year. Cost of goods sold for the internet micro-credit business represented the cost for goods traded. The cost of services rendered comprised the IT network service fee and franchise license fee of merchant acquiring business in Thailand.

General Administrative Expenses

The general administrative expenses of the Group for the year ended 31 March 2018 were approximately HK$266 million, representing an increase of approximately 13% from that of last year. The increase was primarily attributable to an increase in expenses for spin-off project, impairment loss on loan receivables and write-off of loan receivables.

Selling and Distribution Costs

The selling and distribution costs for the year ended 31 March 2018 amounted to approximately HK$61 million, representing an increase of approximately 17% from last year. The increase was mainly due to the increase in advertising and promotion expenses to our major duty-free merchants for merchant acquiring business.

Finance Costs

The finance costs for the year ended 31 March 2018 amounted to approximately HK$47 million, representing an increase of approximately 53% from last year. The increase was mainly due to the increase in interest expense on convertible bonds and interest expense on secured interest bearing borrowings.

Loss for the Year

During the year ended 31 March 2018, the Group reported a net loss attributable to equity holders of the Company amounted to approximately HK$361 million. Basic loss per share was approximately 23.03 HK cents as compared with approximately 12.07 HK cents recorded in last year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operation through internally generated cash flows, public fund raising (as mentioned in "Fund Raising Activities and Use of Proceeds" on page 45) and other borrowings.

Subscription of New Shares

On 19 July 2017, the Company entered into a subscription agreement (the "**Subscription Agreement**") with Gayang (HongKong) Co., Limited (嘉銀香港有限公司) ("**Gayang**" or the "**Subscriber**"), a company ultimately controlled by Mr. Yan Dinggui, pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to issue and allot, 150,000,000 ordinary shares (the "**Subscription Shares**") at the subscription price of HK$1.25 per share (the "**Subscription**"). The Subscription Shares were issued and allotted to the Subscriber in two tranches. On 3 August 2017, all conditions to the first tranche (the "**Tranche One Subscription**") and the second tranche (the "**Tranche Two Subscription**") of the Subscription pursuant to the Subscription Agreement have been satisfied. As such, Tranche One Subscription and Tranche Two Subscription took place on 3 August 2017 and 17 August 2017 respectively. Upon completion of the Tranche One Subscription and Tranche Two Subscription, the number of issued shares of the Company increased from 1,461,165,438 shares to 1,611,165,438 shares. Details of the Subscription, completion of Tranche One Subscription and Tranche Two Subscription were set out in the announcements of the Company dated 19 July 2017, 3 August 2017 and 17 August 2017 respectively.

Issue of Third Tranche Consideration Shares

As at 31 March 2018, based on the guaranteed profit reconciliation statement of the AE Investment Consulting Limited and its subsidiaries (together the "**AE Group**") audited by Mazars CPA Limited ("**Mazars**") and the associated report of the 2016 net profit issued by Mazars on 5 December 2017, the 2016 net profit exceeded the 2016 performance target and thus, the Group is required to settle the third tranche consideration in full. The final settlement value of the third tranche consideration of approximately HK$71,000,000 was determined with reference to the an agreed price of the Company's shares of HK$2.15 per share as set out in the agreements and the numbers of new shares confirmed to be allotted and a fair value change of approximately HK$19,245,000 was recognised to the profit or loss for the year. The third tranche consideration was partly settled by issuance of 33,023,255 consideration shares of the Company on 5 December 2017 of approximately HK$47,223,000, which was measured in accordance with the published share price at the business day prior to the proposed date of issuance of the shares and the remaining balances of approximately HK$23,777,000 was unsettled at the end of the reporting period.

At as 31 March 2018, the Group's other long-term borrowings amounted to Baht 7,650,000 (equivalent to approximately HK$1,936,000) (31 March 2017: Baht 7,650,000 (equivalent to approximately HK$1,747,000)) due to a non-controlling shareholder, represented the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9.5% per annum and such dividend was recorded as finance costs.

The gearing ratio of the Group, calculated as a ratio of total borrowings to total assets, for the years ended 31 March 2018 and 31 March 2017 were approximately 18.4% and 18.7% respectively.

As at 31 March 2018, the Group had net current assets of approximately HK$715.42 million (2017: approximately HK$629.80 million). Current ratio as at 31 March 2018 was approximately 2.24 (2017: approximately 2.06). The cash and cash equivalents of the Group as at 31 March 2018 were approximately HK$289.22 million (2017: approximately HK$264.57 million).

CAPITAL STRUCTURE

Total equity attributable to equity holders of the Company amounted to approximately HK$1,322.49 million as at 31 March 2018 (2017: approximately HK$1,235.26 million).

SIGNIFICANT INVESTMENTS HELD AND PERFORMANCE

As at 31 March 2018, the Group had investments in securities in Hong Kong with a market value of approximately HK$117.74 million (2017: approximately HK$139.70 million). The Group recorded an unrealised fair value gain of approximately HK$39.70 million in respect of investment in listed securities since acquisition. The details of the investments as at 31 March 2018 are as follows:

Company name	Stock code	Number of shares held	% of shareholdings in equity investment	Cost of acquisition *HK$'000*	Unrealised fair value gain since acquisition *HK$'000*	Fair value as at 31 March 2018 *HK$'000*	% of net assets of the Group	Principal activities
Zhi Cheng Holdings Limited ("**Zhi Cheng**")	8130	508,000,000	15.67%	68,580	14,732	83,312	5.94%	Provision of consultancy services, advertising and media related services, project management services, travel agency and related operations, financial leasing and other financial services.
Nexion Technologies Limited ("**Nexion**")	8420	67,500,000	11.25%	9,460	24,965	34,425	2.46%	Provision of cyber infrastructure solutions, research and development and provision of cyber security solutions services.

During the year, there were no dividend received from the securities held.

Since the share price of Zhi Cheng dropped from HK$0.275 at 31 March 2017 to HK$0.164 at 31 March 2018, the Group recorded an unrealised fair value loss of approximately HK$56.39 million (2017: unrealised fair value gain of approximately HK$68.58 million) in respect of investment in Zhi Cheng at 31 March 2018.

On 28 September 2017, the Group entered into a share disposal agreement with Mr. Wu Xiaoming ("**Mr. Wu**"), the executive director and the chief executive officer of Zhi Cheng and a connected person to the Company to dispose 508,000,000 shares at the price of HK$0.16 per share. The total consideration of the disposal is approximately HK$81.28 million. The transaction has not completed as at the date of this announcement.

Details are set out in the announcement dated 28 September 2017, 8 February 2018, 8 May 2018 and 27 June 2018.

On 16 June 2017, Nexion completed its public offer and was listed on GEM by issuing 150,000,000 ordinary shares of HK$0.48 each. After completion of the public offer together with the capitalisation issue, the equity interest in Nexion (Stock code: 8420) held by the Group decreased to approximately 11.25%, which represented 67,500,000 ordinary shares held. As at 31 March 2018, the fair value of the equity interest in Nexion was approximately HK$34.43 million and a fair value increase of approximately HK$24.97 million was recognised in other comprehensive income for the year.

In June 2018, the Group disposed of its entire equity interest in Nexion to certain independent third parties and recognised a gain on disposal of approximately HK$5 million.

The Board acknowledges that the performance of the equities may be affected by the degree of volatility in the Hong Kong stock market and susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the equities, the Board closely monitors the performance of its investment.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong, the PRC and Thailand with majority of business transactions being denominated and settled in Hong Kong dollars ("**HK$**"), Renminbi ("**RMB**") and Baht, which are the functional currencies of the relevant subsidiaries. The Group's trade receivables arising from the operation of merchant acquiring business in Thailand are mainly denominated in United States dollars ("**US$**"). The Directors and senior management have monitored the related foreign currency risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Directors, the Group will enter into foreign currency forward contracts should the needs arise. As 31 March 2018, the Group has outstanding foreign currency forward contracts for the exchange of US$ with Baht of US$6,000,000 (equivalent to approximately HK$47,090,000) (2017: US$3,600,000 (equivalent to approximately HK$27,974,000)). The Directors and senior management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. Save as disclosed above, the Group did not have other derivatives for hedging against the foreign exchange rate risk as at 31 March 2018.

RESULTS AND DIVIDENDS

For the year ended 31 March 2018 the Group recorded a revenue of approximately HK$589.48 million (2017: approximately HK$489.12 million) and a loss attributable to equity holders of the Company of approximately HK$361.23 million as compared with approximately HK$174.40 million for the previous year. The basic loss per share was 23.03 HK cents (2017: basic loss per share 12.07 HK cents).

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

EMPLOYESS AND REMUNERATION POLICY

As at 31 March 2018, the Group had a total staff of 332 (2017: 443) of whom 26 (2017: 31) were based in Hong Kong, 288 (2017: 401) were based in the PRC, 17 (2017: 10) were based in Thailand and 1 (2017: 1) was based in Singapore. The Group develops its human resources policies and procedures based on performance, merit and market conditions. The benefits provided by the Group to its employees include discretionary bonuses, medical schemes and share options. Discretionary bonus is linked to the performance of the Group as well as individual performance. The Group also arranges its staff for training to enhance their skills and knowledge.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this announcement, the Group has made no other material acquisitions, disposals or any significant investments during the year ended 31 March 2018.

FUND RAISING ACTIVITIES AND USE OF PROCEEDS

Date of announcement	Fund raising activities	Net Proceeds	Intended use of proceeds	Actual use of proceeds
19 July 2017, 3 August 2017 and 17 August 2017	Subscription of 150,000,000 shares in the aggregate of HK$190 million.	Approximately HK$187 million	(i) Settlement of borrowings and interest expenses in the aggregate of HK$96 million.	(i) Approximately US$4.87 million was used as the payment of interest.
			(ii) Potential acquisition, investments and business expansions in relation to the prepaid cards and internet payment business in the aggregate of HK$91 million.	(ii) The remaining was used as investment, payment of interest and general capital of the Group.

CAPITAL COMMITMENTS

Saved as disclosed in the announcement, as at 31 March 2018, the Group had commitments contracted for but not provided in the consolidated financial statements amounting to HK$15 million in respect of the acquisition of equity interests in subsidiaries/associates (2017: approximately HK$38.33 million in respect of the acquisition of equity interests in subsidiaries/associates.)

CHARGES ON ASSETS

Saved as disclosed in this announcement, as at 31 March 2018, the Group did not have any charges on assets.

CONTINGENT LIABILITIES

Save as disclosed in this announcement, as at 31 March 2018, the Group did not have any significant contingent liabilities.

OTHER AND SUBSEQUENT EVENTS

The Group has had the following other and subsequent events:

(a) On 28 September 2017, Joy Grand Investment Limited, an indirectly wholly owned subsidiary of the Company, entered into a share disposal agreement with Mr. Wu, the executive director and the chief executive officer of Zhi Cheng and a connected person to the Company, to dispose of the Zhi Cheng's shares, at a price of HK$0.16 per share (the "**Zhi Cheng Disposal**") to Mr. Wu. The total consideration of the Zhi Cheng Disposal is HK$81,280,000. On 8 February 2018, a supplemental agreement was entered into to extend the final completion date to 8 May 2018. On 8 May 2018, another supplemental agreement was entered into to further extend the final completion date to 26 June 2018. Further on 26 June 2018, a third supplementary agreement was entered into to further extend the final completion date to 10 September 2018. Upon completion of the Zhi Cheng Disposal, the Group's entire interests in Zhi Cheng will be derecognised. At 31 March 2018, a deposit of HK$1 million had been received and reported as "Accruals and other payables". Details of the transaction are set out in the Company's announcements dated 28 September 2017, 8 February 2018, 8 May 2018 and 27 June 2018. These transactions are not yet completed at the date of approving the consolidated financial statements.

(b) On 1 December 2017, the Stock Exchange agreed that the Group may process the spin-off and separate listing of the Group's merchant acquiring business in Thailand on GEM (the "**Spin-off**"). On 14 February 2018, the listing applications had been submitted to the Stock Exchange for the Spin-off and the review process is underway up to the date of approving the consolidated financial statements. The Directors expect that the Spin-off, if materialises, will constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

The Board of the Company is committed to establish and maintain high standards of corporate governance to safeguard the interest of its shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

Throughout the year ended 31 March 2018, the Company has complied with all the code provisions in the CG Code.

CHAIRMAN AND CHIEF EXECUTIVE

The code provision A.2.1 stipulates that the roles of the chairman of the Board (the "**Chairman**") and the chief executive officer (the "**CEO**") should be separate and should not be performed by the same individual, and that the division of responsibilities between the Chairman and the CEO should be clearly stated.

The Company fully supports this division of responsibilities between the Chairman and CEO in order to ensure a balance of power and authority. The positions of the Chairman and the CEO are segregated and are held by Mr. Zhang Huaqiao, an executive Director who was re-designated to a non-executive Director on 15 September 2017, and Mr. Fung Weichang, an executive Director, respectively. These positions have clearly defined separate responsibilities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.46 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiry of all Directors, the Company is not aware of any non-compliance with the required standard of dealings as set out in the adopted code of conduct regarding Directors' securities transactions from 1 April 2017 to 31 March 2018.

AUDIT COMMITTEE

The audit committee members of the Company comprise Dr. Yuan Shumin (Chairman), Mr. Wang Yiming and Mr. Lu Dongcheng, all of whom are independent non-executive directors of the Company, with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules.

REVIEW OF THE FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements of the Group and the annual results announcement for the year ended 31 March 2018.

Scope of work of Mazars CPA Limited

The figures in respect of the Company's consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Company's auditors, Mazars CPA Limited, to the amounts set out in the Company's draft consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

By order of the Board
China Smartpay Group Holdings Limited
Yan Dinggui
Executive Deputy Chairman

Hong Kong, 29 June 2018

As at the date of this announcement, the Board comprises (i) five executive directors, namely, Mr. Yan Dinggui, Dr. Cao Guoqi,, Mr. Fung Weichang, Mr. Xiong Wensen and Mr. Song Xiangping; (ii) two non-executive directors, namely, Mr. Zhang Huaqiao and Mr. Xie Zhichun; and (iii) four independent non-executive directors, namely, Mr. Wang Yiming, Mr. Lu Dongcheng, Dr. Yuan Shumin and Dr. Zhou Jinhuang.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 announcement 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 announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.chinasmartpay.com.