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中國山東高速金融集團有限公司
CHINA SHANDONG HI-SPEED FINANCIAL GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 412)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL RESULTS

The board of directors (the "Board" or "Directors") of China Shandong Hi-Speed Financial Group Limited (the "Company") is pleased to announce the 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 year ended 31 March 2017, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
REVENUE	5	**458,440**	193,511
COST OF SERVICES		**(63,738)**	(115,202)
Other income	6	**35,912**	3,347
Other gains and losses, net	6	**(1,467)**	(21,937)
Fair value gains on investments at fair value through profit or loss, net	7	**561,576**	409,448
Employee benefit expenses	7	**(60,646)**	(52,357)
Depreciation		**(10,238)**	(15,257)
Minimum lease payments under operating leases		**(17,108)**	(9,959)
Administrative expenses		**(54,717)**	(87,313)
Finance costs	8	**(121,012)**	(113,483)
Share of results of associates		**(750)**	–
PROFIT BEFORE TAX	7	**726,252**	190,798
Income tax expense	9	**(55,527)**	(31,442)
PROFIT FOR THE YEAR		**670,725**	159,356

	Notes	**2018**	2017
	Notes	***HK$'000***	*HK$'000*
Profit/(loss) for the year attributable to:			
Owners of the Company		**671,330**	159,356
Non-controlling interests		**(605)**	–
		670,725	159,356
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	*10*	**HK3.12 cents**	HK0.83 cents
Diluted	*10*	**HK3.12 cents**	HK0.83 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**670,725**	159,356
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified subsequently to consolidated income statement:		
Fair value changes on available-for-sale investments	**55,024**	–
Exchange difference arising on translation of foreign operations	**191,659**	(60,077)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**246,683**	(60,077)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**917,408**	99,279
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	**918,013**	99,279
Non-controlling interests	**(605)**	–
	917,408	99,279

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**12,322**	153,569
Intangible assets		**1,463,715**	1,248,269
Interests in associates		**47,894**	–
Available-for-sale investments		**1,936,000**	345,400
Finance lease receivables	*12*	**1,950,858**	411,133
Investments at fair value through profit or loss	*13*	**1,340,761**	253,795
Loans receivables	*14*	**629,883**	–
Restricted cash		**–**	30,126
Total non-current assets		**7,381,433**	2,442,292
CURRENT ASSETS			
Finance lease receivables	*12*	**1,016,581**	215,995
Investments at fair value through profit or loss	*13*	**2,526,583**	1,578,957
Loans receivables	*14*	**728,922**	56,503
Trade and other receivables	*15*	**1,193,226**	196,487
Restricted cash		**12,795**	25,052
Cash and cash equivalents		**1,555,133**	220,544
Total current assets		**7,033,240**	2,293,538

	2018	2017
	HK$'000	*HK$'000*
CURRENT LIABILITIES		
Other payables and accruals	**252,269**	80,442
Borrowings	**5,267,746**	218,314
Convertible bonds	**463,480**	–
Tax payables	**69,798**	2,035
Total current liabilities	**6,053,293**	300,791
NET CURRENT ASSETS	**979,947**	1,992,747
TOTAL ASSETS LESS CURRENT LIABILITIES	**8,361,380**	4,435,039
NON-CURRENT LIABILITIES		
Borrowings	**2,005,744**	313,105
Convertible bonds	**291,885**	743,522
Other payables	**32,408**	–
Deferred tax liabilities	**186,519**	191,743
Total non-current liabilities	**2,516,556**	1,248,370
Net assets	**5,844,824**	3,186,669
CAPITAL AND RESERVES		
Issued capital	**6,138**	4,797
Reserves	**5,769,570**	3,181,872
Equity attributable to owners of the Company	**5,775,708**	3,186,669
Non-controlling interests	**69,116**	–
Total equity	**5,844,824**	3,186,669

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. CORPORATE INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and the principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Rooms 1405–1410, 14th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, respectively.

The Company acts as an investment holding company and its subsidiaries principally engaged in various kinds of financial services, including financial leasing, operation of an asset trading platform, investments in securities, money lending, investment holding, online investment and technology-enabled lending services and online new media services.

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

2. APPLICATION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of amendments to Hong Kong Financial Reporting Standards ("amendments to HKFRSs") (which included all HKFRSs, Hong Kong Accounting Standards ("HKAS") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2017. A summary of the amendments to HKFRSs are set out as below:

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

HKAS 7 (Amendments) Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

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

The application of these amendments had no material effect on how the results and financial position for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new interpretations and amendments to existing HKFRSs ("new and amended HKFRSs") that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle except HKFRS 12 (Amendments)[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement[2]
HKAS 28 (Amendments)	Investments in Associates and Joint Ventures[2]
HKAS 40 (Amendments)	Transfers of Investment Property[1]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 4 (Amendments)	Apply HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[6]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2019.

3 Effective for annual periods beginning on or after 1 January 2019, provided HKFRS 15 Revenue from Contracts with Customers is also applied.

4 Effective for annual periods beginning on or after a date to be determined.

5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

6 Effective for annual periods beginning on or after 1 January 2021.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which 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) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

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

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the 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 investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income (to the extent that they are not held for trading or contingent consideration within the scope of HKFRS 3 Business Combination). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

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

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

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

HKFRS 16 Leases

HKFRS 16 was issued on 13 January 2016 and is effective for annual periods beginning on or after 1 January 2019. HKFRS 16 replaces all existing lease accounting requirements and represents a significant change in the accounting and reporting of leases, with more assets and liabilities to be reported on the consolidated statement of financial position and a different recognition of lease costs.

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

Application of HKFRS 16 will result in the Group’s recognition of right-of-use assets and corresponding liabilities in respect of the Group’s lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these consolidated financial statements. As at 31 March 2018, the Group’s future minimum lease payments under non-cancellable operating leases of HK$16,148,000. 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 result, but it is expected that certain portion of the lease commitments will be regarded to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

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

HK(IFRIC)-Int 22 addresses how to determine the “date of transaction” for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example a non-refundable deposit or deferred revenue).

The interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary assets or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

Amendments to HKFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify classification and measurement of cash-settled share-based payment under certain specific circumstances and share-based payments in which the Group is required by local tax law or regulation to withhold certain number of equity instruments for settlement of the employee's tax obligation. The directors of the Company do not anticipate that the application of Amendments to HKFRS 2 will have a material impact on the classification and measurement of the Group's share-based payment transactions.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

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

3. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared under the historical cost basis, except for investments at fair value through profit or loss and certain available-for-sale investments, which have been measured at fair values, as appropriate.

4. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the Group's chief operating decision maker ("CODM"). For the year ended 31 March 2018, the Group had four reportable operating segments. Details are as follows:

(i) the investments in securities segment engages primarily in the purchase and sale of securities and derivatives and the holding of equity and debt investments primarily for interest income, dividend income and capital appreciation;

(ii) the money lending segment engages primarily in money lending operations and advisory services;

(iii) the financial leasing segment engages primarily in the direct financial leasing, advisory services and asset trading platform; and

(iv) the financial technology segment engages primarily in online investment and technology-enabled lending services and online new media services.

During the year ended 31 March 2018, the CODM has identified the financial technology segment as a new operating segment upon acquisition of Kun Peng International Limited ("Kun Peng").

CODM monitors the results of the Group's operating segments separately as described above, for the purpose of making decisions about resource allocation and assessment of the Group's performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that unallocated income, unallocated finance costs, unallocated expenses and share of results of associates are excluded from such measurement.

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

- all assets are allocated to reportable segments other than unallocated corporate assets such as property, plant and equipment; and

- all liabilities are allocated to reportable segments other than current and deferred tax liabilities, and unallocated corporate liabilities such as other payables and accruals.

	Investments in securities		**Money lending**		**Financial leasing**		**Financial technology**		**Unallocated**		**Consolidated**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Revenue from external customers	**66,266**	7,919	**68,633**	20,763	**321,272**	164,543	**1,260**	–	**1,009**	286	**458,440**	193,511
Segment results	**583,867**	234,932	**64,906**	20,660	**257,334**	208,378	**(1,646)**	–	**–**	–	**904,461**	463,970
Reconciliations:												
Unallocated income											**29,725**	3,611
Unallocated finance costs											**(102,452)**	(112,002)
Unallocated expenses*											**(104,732)**	(164,781)
Share of results of associates											**(750)**	–
Profit before tax											**726,252**	190,798
Other segment information:												
Finance costs	**(18,560)**	(645)	**–**	–	**–**	(836)	**–**	–	**(102,452)**	(112,002)	**(121,012)**	(113,483)
Amortisation	**–**	–	**–**	–	**–**	–	**(66)**	–	**–**	–	**(66)**	–
Depreciation	**–**	–	**–**	–	**(4,125)**	(4,625)	**–**	–	**(6,113)**	(10,632)	**(10,238)**	(15,257)
Fair value gains on investments at fair value through profit or loss, net	**561,576**	409,448	**–**	–	**–**	–	**–**	–	**–**	–	**561,576**	409,448
Impairment loss on available-for-sale investment	**–**	(771)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(771)
Loss on disposal of property, plant and equipment	**–**	–	**–**	–	**(47)**	–	**–**	–	**(225)**	(3)	**(272)**	(3)
Loss on redemption of convertible bonds	**–**	–	**–**	–	**–**	–	**–**	–	**(16,254)**	(21,934)	**(16,254)**	(21,934)
Gain on disposal of a subsidiary	**–**	–	**–**	–	**–**	–	**–**	–	**14,713**	–	**14,713**	–
Gain on disposal of partial interest in subsidiaries resulting in loss of control	**–**	–	**–**	–	**–**	–	**–**	–	**346**	–	**346**	–
Capital expenditure**	**–**	–	**465**	–	**9**	–	**37,211**	–	**6,946**	1,282	**44,631**	1,282

* Unallocated expenses mainly included employee benefit expenses of approximately HK$57,646,000 (2017: HK$48,938,000), loss on redemption of convertible bonds of approximately HK$16,254,000 (2017: HK$21,934,000), exchange gain of approximately HK$23,241,000 (2017: loss of approximately HK$14,054,000), legal and professional fee of approximately HK$12,093,000 (2017: HK$10,757,000) and depreciation of approximately HK$6,113,000 (2017: HK$10,632,000).

** Capital expenditure consists of additions to property, plant and equipment and intangible assets and those assets acquired from acquisition of subsidiaries.

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

	2018	2017
	HK$'000	*HK$'000*
Segment assets:		
Investment in securities	**7,214,929**	1,610,243
Money lending	**1,371,728**	118,434
Financing leasing	**5,402,303**	2,295,786
Financial technology	**365,661**	–
	14,354,621	4,024,463
Unallocated assets	**60,052**	711,367
Total assets	**14,414,673**	4,735,830
Segment liabilities:		
Investment in securities	**3,756,007**	5,665
Money lending	**527,457**	–
Financial leasing	**3,086,090**	496,627
Financial technology	**123,668**	–
	7,493,222	502,292
Unallocated liabilities	**1,076,627**	1,046,869
Total liabilities	**8,569,849**	1,549,161

Revenue from external customers

The Group's revenue is substantially derived from its external customers in Hong Kong and other parts of the PRC.

Information about major customers

Revenue from customers individually contributing over 10% of the Group's revenue is as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer A [1]	**N/A**	40,907
Customer B	**129,531**	–
Customer C	**78,661**	–

[1] Customer A's revenue did not contribute over 10% of the total revenue during the year ended 31 March 2018.

Geographical information

The Group's operations are mainly located in Hong Kong and other parts of the PRC. The geographical information about the Group's revenue based on the locations of the customers and non-current assets based on the locations of the assets is set out below:

	Revenue from external customers		**Non-current assets *(note)***	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**135,908**	28,968	**7,388**	159,960
Others parts of the PRC	**322,532**	164,543	**1,468,649**	1,272,004
	458,440	193,511	**1,476,037**	1,431,964

Note: Non-current assets exclude interests in associates, available-for-sale investments, finance lease receivables, investments at fair value through profit or loss and loans receivables.

5. REVENUE

Revenue, which is also the Group's turnover, represents consultancy services income; financial leasing income; interest income from money lending operations; handling fee income; distribution and dividend income from investments at fair value through profit or loss; interest income from convertible bonds; and online investment and technology-enabled lending services and online new media services income during the year.

	2018	2017
	HK$'000	*HK$'000*
An analysis of revenue is as follows:		
Consultancy services income	**318,702**	54,098
Financial leasing income	**55,986**	105,484
Interest income from money lending operations	**55,476**	19,121
Handling fee income	**2,450**	6,889
Distribution from investments at fair value through profit or loss	**14,075**	–
Dividend income from investments at fair value through profit or loss	**7,680**	7,729
Interest income from convertible bonds	**2,811**	190
Online investment and technology-enabled lending services and online new media services income	**1,260**	–
	458,440	193,511

6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2018	2017
	HK$'000	*HK$'000*
Other income:		
An analysis of other income is as follows:		
Bank interest income	**4,992**	2,422
Government subsidy *(Note)*	**415**	681
Compensation income	**6,141**	–
Foreign exchange gain, net	**23,241**	–
Sundry income	**1,123**	244
	35,912	3,347

	2018	2017
	HK$'000	*HK$'000*
Other gains and losses, net:		
An analysis of other gains and losses, net is as follows:		
Loss on disposal of property, plant and equipment	**(272)**	(3)
Loss on redemption of convertible bonds	**(16,254)**	(21,934)
Gain on disposal of a subsidiary	**14,713**	–
Gains on disposal of interest in subsidiaries resulting in loss of control	**346**	–
	(1,467)	(21,937)

Note: This is the one-off subsidy received from the PRC government.

7. PROFIT BEFORE TAX

The Group's profit before tax arrived at after charging/(crediting):

	2018	2017
	HK$'000	*HK$'000*
Auditors' remuneration:		
– Audit services	**2,800**	2,400
– Non-audit services	**1,900**	619
	4,700	3,019
Employee benefit expenses:		
Directors' remuneration:		
– Fees	**2,473**	1,092
– Salaries and allowances	**8,964**	10,085
– Retirement benefit scheme contributions (defined contribution scheme)*	**59**	53
– Emolument shares	**–**	2,726
Sub-total	**11,496**	13,956
Other staff's costs:		
– Salaries and allowances	**47,006**	36,207
– Retirement benefit scheme contributions (defined contribution scheme)*	**2,144**	2,194
Sub-total	**49,150**	38,401
Total employee benefit expenses	**60,646**	52,357

	2018	2017
	HK$'000	*HK$'000*
Sales proceeds from disposal of securities and bonds	**(1,024,000)**	(769,716)
Carrying amount of securities and bonds	**922,137**	724,108
Realised gains from investments at fair value through profit or loss – securities and bonds *(note 13 (iii) (b))*	**(101,863)**	(45,608)
Unrealised gains from investments at fair value through profit or loss – securities and funds *(note 13 (iii) (a))*	**(459,713)**	(867,184)
Fair value gains on investments at fair value through profit or loss – securities, bonds and funds, net	**(561,576)**	(912,792)
Realised losses from investments at fair value through profit or loss – derivative financial instruments *(Note i)*	**–**	503,344
Fair value losses on investments at fair value through profit or loss – derivative financial instruments	**–**	503,344
Fair value gains on investments at fair value through profit or loss, net	**(561,576)**	(409,448)
Foreign exchange (gain)/loss, net	**(23,241)**	14,054
Amortisation	**66**	–
Interest expenses *(Note ii)*	**160,816**	157,367
Impairment loss on available-for-sale investments	**–**	771

Notes:

(i) For the year ended 31 March 2017, the amount mainly included realised losses on call option of shares of China New City Commercial Development Ltd. of HK$495,400,000.

(ii) The interest expenses were included in cost of services of approximately HK$39,804,000 (2017: HK$43,884,000) for the purposes of financing money lending and financial leasing operations and finance costs of approximately HK$121,012,000 (2017: HK$113,483,000).

* As at 31 March 2018, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2017: nil).

8. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
An analysis of finance costs is as follows:		
Interest on bank borrowings wholly repayable within five years	**7,469**	7,688
Interest on margin and other loans	**17,899**	645
Amortised interest on bonds	**7,593**	1,142
Amortised interest on convertible bonds	**88,051**	104,008
	121,012	113,483

9. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits for the year.

The PRC Enterprise Income Tax for the PRC subsidiaries are calculated at the PRC Enterprise Income Tax rate of 25% (2017: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	2018	2017
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**2,299**	–
– PRC Enterprise Income Tax	**67,391**	5,630
Under-provision for PRC Enterprise Income Tax in prior years	**–**	337
	69,690	5,967
Deferred tax (credit)/expense	**(14,163)**	25,475
Total income tax expense recognised in consolidated income statement	**55,527**	31,442

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2018	2017
	HK$'000	*HK$'000*
Earnings for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**671,330**	159,356
Number of shares ('000)		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**21,522,389**	19,236,701
Effect of dilutive potential ordinary shares		
– Share options	**–**	63,958
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**21,522,389**	19,300,659
Basic earnings per share in (in HK cents)	**3.12**	0.83
Diluted earnings per share (in HK cents)	**3.12**	0.83

Diluted earnings per share did not assume the conversion of convertible bonds since their assumed conversion had an anti-dilutive effect on earnings per share for the years ended 31 March 2018 and 2017.

Diluted earnings per share did not assume the exercise of share options since the average share price of the Company is lower than the exercise price for the year ended 31 March 2018. Diluted earnings per share assumed the exercise of the share options since the average share price of the Company is higher than the exercise price for the year ended 31 March 2017.

11. DIVIDEND

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

12. FINANCE LEASE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Present value of minimum lease payments receivables	**2,967,439**	627,128
Less: Current portion included under current assets	**(1,016,581)**	(215,995)
Amounts due after one year included under non-current assets	**1,950,858**	411,133

The table below analyses the Group's present value of minimum lease payments receivables under finance leases by relevant maturity groupings:

	2018	2017
	HK$'000	*HK$'000*
– Within one year	**1,016,581**	215,995
– In the second year	**739,486**	309,758
– In the third to fifth years	**1,211,372**	101,375
	2,967,439	627,128

The Group's finance lease receivables are denominated in Renminbi ("RMB").

13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Non-current assets		
Listed equity investments, at fair value		
In the PRC *(Note (i), (iii))*	**234,862**	253,795
In Hong Kong *(Note (ii), (iii))*	**1,105,899**	–
Total	**1,340,761**	253,795

	2018	2017
	HK$'000	*HK$'000*
Current assets		
Held-for-trading listed equity investments, at fair value *(Notes (ii), (iii) and (iv))*		
In Hong Kong	**721,869**	757,079
Sub-total	**721,869**	757,079
Held-for-trading unlisted equity investment, at fair value *(Note (iii))*:		
In elsewhere	**–**	265,837
Held-for-trading unlisted convertible bonds, at fair value *(Note (iii))*:		
In Hong Kong	**–**	394,190
Held-for-trading investment fund, at fair value *(Note (iii))*:		
In Hong Kong	**546,828**	–
In elsewhere	**1,257,886**	161,851
Sub-total	**1,804,714**	821,878
Total	**2,526,583**	1,578,957

Notes:

(i) As at 31 March 2018, the Group holds 29,951,000 (2017: 29,951,000) shares of China Yunnan Highway Construction Group Co., Ltd. ("Yunnan Highway"), representing 8.32% (2017: 8.32%) of its issued share capital. Shares of Yunnan Highway are listed in the National Equities Exchange and Quotations (the "NEEQ") in the PRC during the year ended 31 March 2018. As at 31 March 2018, the fair value of Yunnan Highway was approximately HK$234,862,000 (2017: HK$253,795,000) and an unrealised loss of approximately HK$43,981,000 (2017: gain of approximately HK$167,912,000) was recognised in the consolidated income statement during the year. The fair value was determined with reference to the valuation report issued by a firm of independent qualified professional valuer using the income approach. This is classified as Level 3 fair value measurement under HKFRS 13. Subsequent to the end of the reporting period, Yunnan Highway was delisted in the NEEQ in the PRC.

(ii) As at 31 March 2018 and 2017, the listed equity investments were classified as investment at fair value through profit or loss. The fair values of the listed equity investments were determined by quoted prices in active markets.

(iii) (a) Unrealised gains from investments at fair value through profit or loss – securities, bonds, and funds:

Nature of investments	Number of shares/units held as at 31 March 2018	Number of shares/units held as at 31 March 2017	Percentage of shareholding as at 31 March 2018 %	Percentage of shareholding as at 31 March 2017 %	Fair value/carrying amount as at 31 March 2018 HK$'000	Fair value/carrying amount as at 31 March 2017 HK$'000	Percentage to the Group's net assets as at 31 March 2018 %	Percentage to the Group's net assets as at 31 March 2017 %
Non-current assets								
Listed equity investment in the PRC								
Yunnan Highway (stock code: 839650)	29,951,000	29,951,000	8.32	8.32	234,862	253,795	4.02	7.96
Listed equity investment in Hong Kong								
Jiayuan International Group Limited (stock code: 2768)	97,522,000	–	3.98	–	1,105,899	–	18.92	–
					1,340,761	253,795		
Current assets								
Held-for-trading listed equity investments in Hong Kong								
China Smarter Energy Group Holding Limited (stock code: 1004)	677,736,000	777,736,000	7.23	8.30	596,408	614,411	10.20	19.28
Code Agriculture (Holdings) Limited (stock code: 8153)	60,000,000	–	3.16	–	6,600	–	0.11	–
Far East Holdings International Limited (stock code: 36)	11,814,000	11,814,000	1.08	1.08	9,097	8,979	0.16	0.28
Hao Tian Development Group Limited (stock code: 474)	385,000,000	330,000,000	7.86	7.89	109,725	133,650	1.88	4.19
Huatai Securities Company Limited (stock code: 6886)	2,600	2,600	0.00	0.00	39	39	0.00	–
					721,869	757,079		
Held-for-trading unlisted equity investment in elsewhere								
Ba Shen Bai Asia Investment Limited	–	4,500	–	45.00	–	265,837	–	8.34
Held-for-trading unlisted convertible bonds in Hong Kong								
Code Agriculture (Holdings) Limited (1,000,000,000 conversion shares)	–	–	–	N/A	–	394,190	–	12.37
Held-for-trading investment fund in Hong Kong								
Sinolink Securities (HK) Co. Ltd.	N/A	–	N/A	N/A	546,828	–	9.36	–
Held-for-trading investment funds in elsewhere								
Haitong International Investment Fund	200,000	200,000	N/A	N/A	148,952	161,851	2.55	5.08
Altair Asia Investment Limited	5,292,982	–	N/A	N/A	143,434	–	2.45	–
China Times Investments Limited	1,279,214	–	N/A	N/A	965,500	–	16.52	–
					1,804,714	161,851		
					2,526,583	1,578,957		

	2018	2017
	HK$'000	*HK$'000*
Unrealised gains of Hong Kong securities and bonds for the year, net	**550,829**	427,119
Unrealised (losses)/gains of outside Hong Kong (including PRC) securities for the year, net	**(43,981)**	440,065
Unrealised losses of investment funds for the year, net	**(47,135)**	–
Unrealised gains from investments at fair value through profit or loss, net *(note 7)*	**459,713**	867,184

(b) Realised gains from investments at fair value through profit or loss – securities and bonds:

	Disposal amount	**Carrying amount**	**Realised gains for the year ended 31 March**	
	2018	**2018**	**2018**	2017
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Realised gains of Hong Kong securities, and bonds, net	**758,000**	**656,300**	**101,700**	45,562
Realised gains of outside Hong Kong (including PRC) equity investment	**266,000**	**265,837**	**163**	46
Realised gains from investments at fair value through profit or loss, net *(note 7)*	**1,024,000**	**922,137**	**101,863**	45,608

(iv) At 31 March 2018

None of the Group's investments at fair value through profit or loss were pledged.

At 31 March 2017

The Group's investments in listed equity securities with carrying value of approximately HK$246,018,000 were pledged to certain financial institutions to secure certain margin financing facilities granted to the Group for the investments. As at 31 March 2017, the Group did not utilise any of the granted margin financing facilities.

14. LOANS RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Loans receivables	**1,403,805**	101,503
Less: allowance for impairment loss	**(45,000)**	(45,000)
	1,358,805	56,503
Less: amount classified as current assets	**(728,922)**	(56,503)
Non-current portion	**629,883**	–

An aging analysis of loans receivables (net of impairment), determined based on the time to maturity of the loans receivables, as at the end of the reporting period is as follows:

	2018	2017
	HK$'000	*HK$'000*
Loans receivables:		
Within 90 days	**28,922**	45,424
91 days to 180 days	**500,000**	–
181 days to 1 year	**200,000**	11,079
1 year to 2 years	**434,883**	–
More than 2 years	**195,000**	–
	1,358,805	56,503

15. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables *(Note)*	**14,559**	–
Prepayments	**5,838**	7,077
Deposits	**60,528**	7,423
Advance to an investee company	**15,899**	13,949
Interest receivables	**26,006**	14,330
Other receivables	**1,070,396**	153,708
	1,193,226	196,487

Note:

At the end of the reporting period, the aging analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 90 days	**13,304**	–
91 days to 180 days	**118**	–
181 days to 1 year	**1,038**	–
Over 1 year	**99**	–
	14,559	–

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

The Board is pleased to announce that the Group, for the year ended 31 March 2018, has recorded a net profit of approximately HK$670,725,000 (2017: HK$159,356,000). The net profit is mainly attributable to the net fair value gain of approximately HK$561,576,000 (2017: HK$409,448,000) arising from investments at fair value through profit or loss.

During the year under review, the name of the Company was changed to "China Shandong Hi-Speed Financial Group Limited" and "中國山東高速金融集團有限公司" was adopted as its secondary name with effect from 14 September 2017. This has set a clearer corporate image and identity for the Company and would be beneficial to its business development to become a leading financial group with diversified financial services, generating values for its shareholders.

On 13 October 2017, the Group completed the acquisition of 40% indirect equity interest in Shandong Hi-Speed Global Finance and Leasing Company Limited*（山東高速環球融資租賃有限公司）("Global Finance"), while Shandong Hi-Speed Group Co., Ltd.*（山東高速集團有限公司）(together with its subsidiaries, "Shandong Hi-Speed Group") remained as the only controller of Global Finance after the acquisition. Global Finance is engaged in various leasing businesses and it has been relying on Shandong Hi-Speed Group's strengths in brand promotion, distribution channel and capital resources for exploration of new markets. In addition, Global Finance has maintained in-depth cooperation with Shandong Hi-Speed Group on basic transportation facilities and other companies on oil equipment and agricultural chemistry businesses for launching the financial leasing business. We believe that this acquisition will allow the Group to obtain exposure in the "One Belt, One Road" initiative under the national strategy, which will seek the potential investment opportunities in more than 60 countries along the "One Belt, One Road".

On 26 March 2018, the Group has completed the acquisition of 60% shares in Kun Peng International Limited ("Kun Peng"), by way of cash and issuance of a total of 363,065,565 consideration shares by the Company. Kun Peng controls the operation of Shenzhen Honesta New Finance Holding Company Ltd*（深圳厚生新金融控股有限公司）("Honesta New Finance"). With acquisition of this diversified financial services platform, the Group has laid down the foundation for further development in the financial technology industry, has acquired a complete supply chain of financial service that can provide all-round financial services, and has gained access to 'big data' information of a large number of customers in PRC. The numerous operating subsidiaries and associates of Honesta New Finance and the Company can together generate synergies.

During the year, the Group recorded total assets of approximately HK$14,414,673,000 (2017: HK$4,735,830,000), total liabilities of approximately HK$8,569,849,000 (2017: HK$1,549,161,000), and therefore net assets of approximately HK$5,844,824,000 (2017: HK$3,186,669,000).

The Company is an investment holding company with its subsidiaries engaging in the following major business during the year:

a) Financial leasing

The financial leasing business recorded a profit of approximately HK$257,334,000 for the year (2017: HK$208,378,000). Moreover, the Company completed the acquisition of 40% indirect equity interest in Global Finance at a consideration of HK$1.50 billion in October 2017. The management believes that this acquisition will help the Group seizes potential investment opportunities in more than 60 countries along the "One Belt, One Road".

b) Investment in securities

The Group's securities portfolio had an unrealised fair value gain on investments at fair value through profit or loss of approximately HK$459,713,000 for the year (2017: HK$867,184,000) and a realised gain of approximately HK$101,863,000 (2017: realised loss HK$457,736,000).

c) Money lending business

The money lending business recorded a turnover of approximately HK$68,633,000 for the year (2017: HK$20,763,000). The increase in turnover was mainly due to expansion of the business. The accumulated lending principal amounted to approximately HK$1,358,805,000 as at 31 March 2018 (2017: HK$56,503,000). The Group will continue to adopt a cautious approach for risk management so as to maintain the profitability of the business.

C.I.F. Financial Limited, a wholly-owned subsidiary of the Company, holds a money lenders license.

d) Financial technology

The Group completed the acquisition of 60% shares of Kun Peng in March 2018. Kun Peng controls the operation of Honesta New Finance and its subsidiaries. It is expected that Honesta New Finance would contribute operational income to the Group in the coming year and create synergy with the business of the Group, in particular, the development of financial technology business.

e) Asset trading platform

The Group is engaged in the trading business of financial leasing, leasing assets as well as other leasing properties, and provision of spot trading platform and marketing and consulting services related to the above businesses.

Shenzhen Asia-Pacific Leasing Assets Exchange Center Co., Ltd.*（深圳亞太租賃資產交易中心有限公司）, the Company's wholly-owned subsidiary based in Qianhai of Shenzhen, would continue to benefit from the policy advantages of the Guangdong Free Trade Area and Qianhai-Shenzhen-Hong Kong Modern Service Industry Cooperation Zone. The Company intends to develop it into a leading domestic and international asset trading platform and integrated services provider.

The Group also carried on the business in securities brokerage and commercial factoring during the year.

PROSPECT

The Company will continue to implement its strategy to develop itself into a leading financial group with full licenses and to further diversify its business, with an aim to enhance profitability of the Company and increase value for its shareholders.

With support from its shareholder, Shandong Hi-Speed Group, the Group will explore and seize investment opportunities in the markets along the "One Belt, One Road" regions and in the Greater China. The "One Belt, One Road" initiative inspires new ideas and solutions to implement strategy including policy co-ordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds. Financial integration lends important support to "One Belt, One Road" constructions, which is vital to the success of the policy. With increasing investment by Chinese companies in the countries along the route of the "One Belt, One Road", it is expected that such constructions will continue to drive the economic development and create vast job opportunities in various countries. The Group will respond to the "One Belt, One Road" policy, and actively seek for opportunities for large-scale financing projects. The Group will also seek to play a more active role in the construction of the Guandong –Hong Kong– Macao Greater Bay Area, in particular, by provision of financial support for major project constructions.

The Company would like to develop financial investment as one of its principal business activities of the Group. Recently, the Group has made certain investments in financial instruments in line with its strategy and the Directors expect that such financial investment would better utilise its existing internal financial resources, diversify the investment portfolio of the Group and thereby broadening its source of revenue and enhancing shareholders' value. The Group would continue to seek opportunities to expand its financial investment segment, which is expected to account for approximately more than 50% of the total assets of the Group in the coming years. In the coming year, the Company intends to expand the scale of its asset management business and will pay close attention to investment opportunities in the Belt and Road projects as well as education, transportation, urban development and healthcare projects.

The Group will also look for potential acquisition targets that will provide synergy with the Group and enhance profitability. As at the date of this announcement, the Group does not have any specific acquisition targets.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 7 May 2018, Shangao International Finance Leasing (Shenzhen) Co., Ltd.* (山高國際融資租賃(深圳)有限公司), formerly known as Xianglong Finance Leasing (Shenzhen) Company Limited ("Xianglong FL") entered into a supplemental agreement with its customer in relation to a finance lease arrangement whereby Xianglong FL agreed to purchase certain machinery and equipment from the customer at an aggregate consideration of RMB600,000,000, which have been leased back to the customer for a term of three years at a total lease payment of approximately RMB650,850,000. Pursuant to the supplemental agreement, the total lease payments payable under the finance lease arrangement was reduced to approximately RMB623,035,000 and the remaining lease payments were adjusted accordingly. This finance lease arrangement formed part of a major transaction that is subject to shareholders' approval.

Details of the said transactions were set out in the announcements of the Company dated 16 May, 1 June and 7 June 2018.

FUND RAISING ACTIVITIES

The Group issued a total of US$600 million 3.9% guaranteed notes due in 2019 through a wholly-owned subsidiary during the year ended 31 March 2018. This debt financing marked an important step for the Group to gain recognition in the international finance market, and would provide the Company with additional sources of funds for its business development.

The Company issued convertible bonds in an aggregate principal amount of US$40,000,000 in February 2018, the proceeds of which were utilised to redeem a previous convertible bonds in full in the principal amount of US$40,000,000 before their maturity at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest up to the date of redemption. Details of the issuance of the convertible bonds were set out in the announcements of the Company dated 23 January 2018 and 6 February 2018.

The Group did not conduct any equity financing activity during the year under review.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2018, the Group's total assets and borrowings were approximately HK$14,414,673,000 and HK$8,028,855,000 respectively. The borrowings of the Group represented bank borrowings, bonds and other borrowings which were approximately HK$811,280,000, HK$4,662,357,000 and HK$1,799,853,000 respectively. As at 31 March 2018, the Group had three outstanding convertible bonds in the aggregate amount of HK$755,365,000 with a fixed interest rate of 6-8% per annum, a public bond of approximately HK$4,642,130,000 with a fixed interest rate of 3.9% per annum and two unsecured bonds for a term of seven years of approximately HK$20,227,000 with a fixed rate of interest of 5% per annum. Although the convertible bonds, the public bond and other borrowings were denominated in US dollars, the exchange rate was relatively stable and the unsecured bonds were denominated in Hong Kong dollars, thus the Company was not subject to the risks in relation to exchange rate fluctuations. The gearing ratio (total borrowings divided by total assets) as at 31 March 2018 was approximately 55.70% (2017: 26.9%).

On 13 October 2017, the major and connected transaction in relation to the acquisition of 40% indirect equity interest in Global Finance was completed and 5,000,000,000 consideration shares of the Company were alloted and issued.

On 26 March 2018, the transaction in relation to the acquisition and subscription of an aggregate of 60% equity interest in Kun Peng was completed and 363,065,565 consideration shares were allotted and issued.

CURRENCY RISK MANAGEMENT

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollars and US dollars. The Group is mainly exposed to foreign exchange risk with respect to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and considers adopting appropriate hedging measures in the future when necessary. In addition, the Group also pays close attention to the impact of the U.S. interest rate increase cycle on the U.S. dollar-denominated assets, and adopts appropriate response measures.

PLEDGE OF ASSETS

As at 31 March 2018, certain borrowings of the Group were secured by shares of a subsidiary of the Company.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Group had no material contingent liabilities and capital commitment during the year (2017: Nil).

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

(a) On 31 March 2017, the Group entered into a sale and purchase agreement with Leading Fortune International Group Limited, a wholly-owned company of an executive director of the Company, pursuant to which the Group agreed to sell the entire issued share capital of Park Rise Investments Limited, an indirect wholly-owned subsidiary of the Company. All conditions precedent in the agreement have been fulfilled and the disposal was completed on 11 August 2017.

    Further details of the disposal were set out in the Company's announcements dated 31 March 2017 and 11 August 2017.

(b) On 29 December 2017, Coastal Silk Limited, an indirect wholly-owned subsidiary of the Company, as purchaser, entered into a share purchase agreement with Honesta Investment Limited, as vendor, Kun Peng and a shareholder of Honesta Investment Limited in respect of (i) issue and allotment of 12,500 new shares in Kun Peng, representing 25% of the then share capital of Kun Peng and 20% of the share capital as enlarged by the new shares to be allotted and issued by Kun Peng, at a cash consideration of RMB50,000,000 (equivalent to approximately HK$62,463,000); and

(ii) sale and purchase of 25,000 shares in Kun Peng, representing 50% of the then share capital of Kun Peng and 40% of the share capital as enlarged by the new shares in Kun Peng, at a consideration of RMB100,000,000, which was satisfied by way of allotment and issue of 363,065,565 shares of the Company. Upon completion of the acquisition of Kun Peng on 26 March 2018, Kun Peng was held by the Group as 60% owned subsidiary.

Further details of the said transaction were set out in the Company's announcements dated 29 December 2017 and 26 March 2018.

Save for the aforesaid, the Group had no other material acquisition and disposal of subsidiaries for the year ended 31 March 2018.

EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2018, the Group had a workforce, including Directors of the Group, of 529, of which 485 were based in the PRC. Staff costs incurred and charged to profit or loss for the period, including Directors' remuneration were approximately HK$60,646,000 (2017: approximately HK$52,357,000).

The Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Group operates a defined contribution mandatory provident fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all its Hong Kong employees.

The employees of the Group's PRC subsidiaries are members of a state-managed retirement benefit plan operated by the government of the PRC. The PRC subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The Group deploys training program and offers development opportunities for employees. In September 2017, we hired a training institution to provide professional courses to employees so as to enhance their professional capabilities. We build for each employee an individual learning and development profile so as to improve professional service standard and enable our employees to keep up with the times and to equip with sufficient professional capabilities for providing better services to investors and stakeholders. The Group also provides other welfare to staff in line with prevailing market practices.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to supporting environmental sustainability. The Group implements policies and measures in our daily business operations to reduce the Group's impact on the environment.

The Group places high attention to indicators of energy usage and emission. Although the Group is not involved in any manufacturing activities, it persists in low-carbon travel without hindering the efficient operation of the Group. Employees shall strictly comply with the specifications of travel allowance claim under the daily expense standards. They are required to choose their transportation based on efficiency and conservation. Low-carbon and efficient transportation, such as MTR and other public transport, is encouraged. We also encourage employees travelling together to pick the same flight to allow pick-up in one go and conserving energy.

The Group adheres to the policies of efficient use of energy, water and other resources as we endorse conservation of energy and resources in daily operations. We post notes at lighting switches and other visible areas as one of the measures for energy conservation. We advocate the Energy Saving Charter on Indoor Temperature and maintain an average indoor temperature between 24 – 26˚C during summer time to save energy; use LED lights included in the voluntary energy efficiency labelling scheme of the Electrical and Mechanical Services Department; select energy efficient appliances (e.g. refrigerators, air-conditioners); request employees to switch off the lights before leaving offices; encourage reuse of stationery, such as old envelopes and folders; promote double-sided printing and reuse of paper for facsimile.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year under review, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a material adverse impact on the business and operations of the Group.

CORPORATE GOVERNANCE

During the year ended 31 March 2018, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviations disclosed below:

The Board meets either in person or through other electronic means of communication to monitor the execution of plans, review the Group's business performance and review financial reporting as well as all other material matters.

Under Code Provision A.1.3, notice of at least 14 days should be given of a regular board meeting to all Directors to give all Directors an opportunity to attend. During the year ended 31 March 2018, certain regular Board meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the Bye-laws of the Company. The Board will use reasonable endeavour to meet the requirement of Code Provision A.1.3 in future.

During the year, certain Independent Non-executive Directors were not appointed for a specific term and thus the Company has deviated from Code Provision A.4.1. However, as specified by the Company's Bye-laws and consistent with Code Provision A.4.2, not less than one-third of the Directors are subject to retirement by rotation at the Company's annual general meeting. Therefore, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those provided in the Code.

Code Provision D.1.4 requires that there should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. During the Year, the Company did not have formal letters of appointment for two of the Directors appointed on 31 January 2002 and 17 April 2015 respectively.

All of the Directors of the Company are, however, required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. In the opinion of the Company, this meets the objective of Code Provision D.1.4.

As at the Latest Practicable Date, the Company has entered into a formal service contract setting out the key terms and conditions of their appointment for each of the Directors concerned in compliance with Code Provisions A.4.1 and D.1.4.

Code Provision C.1.2 which requires the management to provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties. During the year, the management provided updates to the Board. All the Executive Directors were involved in the daily operation of the Group and were fully aware of the performance, position and prospects of the Company, and the management has provided to all Directors with half-yearly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail prior to the regular Board meetings. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient background or explanatory information for matters brought before the Board. Therefore, the Company considers that all members of the Board have been given a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code for the purposes of, among others, reviewing and providing supervision over the Group's financial reporting processes and internal controls. The audit committee comprises four Independent Non-executive Directors. The Company's annual results for the year ended 31 March 2018 have been reviewed by the audit committee of the Company.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2018 have been agreed by the Company's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng 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 HLB Hodgson Impey Cheng Limited on the preliminary announcement.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for securities transactions by Directors of the Company. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code throughout the year under review.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises that employees are our valuable assets. The Group's employee management focuses on recruiting and growing the right people. Staff performance is measured on a regular and structured basis to provide employees with appropriate feedback and to ensure their alignment with the Group's corporate strategy. The Group also understands that maintaining long-term good relationship with business partners is one of the primary objectives of the Group. Accordingly, the management have maintained good communication, promptly exchanged ideas and shared business updates with them when appropriate. During the year, there was no material and significant dispute between the Group and its business partners.

Taking into account the improved performance of the Group, a proposal will be put forward to the Shareholders for approval in order to update the relevant provision in the Company's Bye-laws so that the Company will be in a position to declare dividends to the Shareholders.

PUBLIC FLOAT ADEQUACY

According to the public information obtained by the Company and as far as the Directors are aware, as at the date of this announcement, the Company has maintained sufficient public float as required under the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.csfg.com.hk). The annual report for the year ended 31 March 2018 will be published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.csfg.com.hk) and also be dispatched to the shareholders of the Company in due course.

By Order of the Board
China Shandong Hi-Speed Financial Group Limited
Li Hang
Chairman

Hong Kong, 21 June 2018

As at the date of this announcement, the Company has four executive directors, being Mr. Ji Kecheng, Mr. Wang Zhenjiang, Mr. Yau Wai Lung and Mr. Li Zhen Yu; four non-executive directors, being Mr. Li Hang, Dr. Lam Lee G., Mr. Qiu Jianyang and Mr. Lo Man Tuen; and four independent non-executive directors, being Mr. To Shing Chuen, Mr. Cheung Wing Ping, Mr. Wang Huixuan and Mr. Guan Huanfei.

* *for identification purpose only*