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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 NINE MONTHS ENDED 31 DECEMBER 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 nine months ended 31 December 2018, together with the comparative figures for the year ended 31 March 2018, as follows:

CONSOLIDATED INCOME STATEMENT

For the nine months ended 31 December 2018

	Note	**Nine months ended 31 December 2018** *HK$'000*	Year ended 31 March 2018 *HK$'000*
REVENUE	*5*	**427,196**	458,440
COST OF SERVICES		**(127,257)**	(63,738)
Gross Profit		**299,939**	394,702
Other income	*6*	**8,728**	35,912
Other gains and losses, net	*6*	**(358,479)**	(1,467)
Fair value losses on financial assets measured at fair value through profit or loss, net	*7*	**(230,758)**	–
Fair value gains on investments at fair value through profit or loss, net	*7*	**–**	561,576
Employee benefit expenses	*7*	**(97,400)**	(60,646)
Depreciation		**(3,577)**	(10,238)
Minimum lease payments under operating leases		**(16,738)**	(17,108)
Administrative expenses		**(157,822)**	(54,717)
Finance costs	*8*	**(192,264)**	(121,012)
Share of results of associates		**47**	(750)

	Note	**Nine months ended 31 December 2018** *HK$'000*	Year ended 31 March 2018 *HK$'000*
(LOSS)/PROFIT BEFORE TAX	*7*	**(748,324)**	726,252
Income tax credit/(expense)	*9*	**57,148**	(55,527)
(LOSS)/PROFIT FOR THE PERIOD/YEAR		**(691,176)**	670,725
(Loss)/Profit for the period/year attributable to:			
Owners of the Company		**(705,280)**	671,330
Non-controlling interests		**14,104**	(605)
		(691,176)	670,725
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	*10*	**HK(2.88) cents**	HK3.12 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2018

	Nine months ended 31 December 2018 HK$'000	Year ended 31 March 2018 HK$'000
(Loss)/Profit for the period/year	**(691,176)**	670,725
Other comprehensive (loss)/income		
Item that will not be classified to profit or loss:		
Fair value changes on investments in equity instruments measured at fair value through other comprehensive income	**129,189**	–
Items that may be reclassified subsequently to consolidated income statements:		
Fair value changes on investments in debt instruments measured at fair value through other comprehensive income	**(2,544)**	–
Fair value changes on available-for-sale investments	**–**	55,024
Exchange difference arising on translation of foreign operations	**(390,583)**	191,659
Total other comprehensive (loss)/income for the period/year	**(263,938)**	246,683
Total comprehensive (loss)/income for the period/year	**(955,114)**	917,408
Total comprehensive (loss)/income for the period/year attributable to:		
Owners of the Company	**(969,218)**	918,013
Non-controlling interests	**14,104**	(605)
	(955,114)	917,408

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**10,011**	12,322
Intangible assets		**1,269,605**	1,463,715
Interests in associates		**51,703**	47,894
Financial assets measured at fair value through other comprehensive income	*12*	**1,719,189**	–
Available-for-sale investments		**–**	1,936,000
Financial assets measured at fair value through profit or loss	*13*	**1,789,930**	–
Investments at fair value through profit or loss	*14*	**–**	1,340,761
Finance lease receivables	*15*	**1,736,275**	1,950,858
Loans receivables	*16*	**488,653**	629,883
Total non-current assets		**7,065,366**	7,381,433
CURRENT ASSETS			
Financial assets measured at fair value through other comprehensive income	*12*	**580,248**	–
Financial asset measured at fair value through profit or loss	*13*	**2,130,402**	–
Investments at fair value through profit or loss	*14*	**–**	2,526,583
Finance lease receivables	*15*	**1,083,033**	1,016,581
Loans receivables	*16*	**843,713**	728,922
Trade and other receivables	*17*	**991,083**	1,193,226
Restricted cash		**2,222**	12,795
Cash and cash equivalents		**681,398**	1,555,133
Total current assets		**6,312,099**	7,033,240
CURRENT LIABILITIES			
Other payables and accruals		**203,008**	252,269
Borrowings		**5,393,192**	5,267,746
Convertible bonds		**311,037**	463,480
Tax payables		**46,166**	69,798
Total current liabilities		**5,953,403**	6,053,293

	At **31 December 2018** *HK$'000*	At 31 March 2018 *HK$'000*
NET CURRENT ASSETS	**358,696**	979,947
TOTAL ASSETS LESS CURRENT LIABILITIES	**7,424,062**	8,361,380
NON-CURRENT LIABILITIES		
Borrowings	**2,381,727**	2,005,744
Convertible bonds	**–**	291,885
Other payables	**37,499**	32,408
Deferred tax liabilities	**126,590**	186,519
Total non-current liabilities	**2,545,816**	2,516,556
Net assets	**4,878,246**	5,844,824
CAPITAL AND RESERVES		
Issued capital	**6,113**	6,138
Reserves	**4,788,913**	5,769,570
Equity attributable to owners of the Company	**4,795,026**	5,775,708
Non-controlling interests	**83,220**	69,116
Total equity	**4,878,246**	5,844,824

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

1. CORPORATE INFORMATION

China Shandong Hi-Speed Financial Group Limited (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.

During the current financial period, the financial year end date of the Company was changed from 31 March to 31 December because the Company would like to align it with the financial year end date of the operating subsidiaries of the Group, which were incorporated in the People's Republic of China (the "PRC") and whose accounts are statutorily required to be prepared with a financial year end date of 31 December so as to facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the consolidated financial statements for the current period cover the nine months period ended 31 December 2018. The corresponding comparative amounts shown for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover the year ended 31 March 2018 and therefore may not be comparable with amounts shown for the current period.

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, online new media services and assets management.

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 period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs") and amendments to HKFRSs 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 2018. A summary of the new and amendments to HKFRSs are set out as below:

Amendments to HKFRS	Annual Improvements to HKFRSs 2014-2016 Cycle except HKFRS 12 (Amendments)
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Apply HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Clarification to HKFRS 15 Revenue from Contracts with Customers
HKFRS 16	Lease
HKAS 40 (Amendments)	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

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

HKFRS 9 Financial Instruments

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

(i) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL"). These superseded HKAS 39's categories of held-to maturity investments, loans and receivables, available-for-sale ("AFS") financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial assets is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

Debt instruments

- Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income. Expected credit losses on those assets are recognised in profit or loss. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity instruments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and not contingent consideration recognised by an acquirer to which HKFRS 3 applies and on initial recognition of the investment or on initial application of HKFRS 9, the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in note 2 (a).

The measurement categories for all financial liabilities remain the same.

The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including cash and cash equivalents, restricted cash, finance lease receivables, loans receivables, trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof for fixed rate financial assets and trade and other receivables where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12 month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognised a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers that both quantitative and qualitative information is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Failure to make payments of principal or interest on their contractual due dates;

- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- An actual or expected significant deterioration in the operating results of the debtor; and

- Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for financial asset at fair value through profit or loss.

Basis of calculation of interest income

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired included the following observable events:

- Significant financial difficulties of the debtor;

- A breach of contract, such as a default or delinquency interest or principal payments;

- It becomes probable that the borrower will enter into bankruptcy or other financial reorganisation;

- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

- The disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated.
- The assessments have been made on the basis of the facts and circumstances that existed as at 1 April 2018 (the date of initial application of HKFRS 9) for the determination of the business model within which a financial asset is held.
- If, at the date of initial application of HKFRS 9, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(a) Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Note	Available-for-sale investments	Finance lease receivables	Investments at fair value through profit or loss	Loans receivables	Financial assets measured at FVTOCI	Financial assets measured at FVTPL	Trade and other receivables
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Closing balances at 31 March 2018		1,936,000	2,967,439	3,867,344	1,358,805	–	–	1,193,226
Effect arising from initial application of HKFRS 9:								
Reclassification:								
From available-for-sale investments	*(i)*	(1,936,000)	–	–	–	1,590,000	346,000	–
From investments at fair value through profit or loss	*(ii)*	–	–	(3,867,344)	–	–	3,867,344	–
Re-measurement:								
Impairment under ECL	*(iii)*	–	(13,342)	–	(9,236)	–	–	(12,617)
Fair value change	*(i)*	–	–	–	–	–	40,855	–
Opening balances at 1 April 2018		–	2,954,097	–	1,349,569	1,590,000	4,254,199	1,180,609

(i) Available-for-sale investments

From AFS club membership debenture to financial assets measured at FVTPL

The club membership debenture with fair value of approximately HK$5,200,000 was reclassified from AFS investments to financial assets measured at FVTPL. As a result, the financial asset was reclassified from AFS investments with original carrying amount of approximately HK$5,200,000 to financial assets measured at FVTPL and no remeasurement is required on 1 April 2018 as the AFS investments were measured at fair value as at 31 March 2018. Cumulative fair value gain of approximately HK$720,000 was reclassified from AFS investments revaluation reserve to accumulated losses upon reclassification on 1 April 2018.

From AFS unlisted equity investments to financial assets measured at FVTPL

The unlisted equity investment was reclassified from AFS investments to financial assets measured at FVTPL. As a result, the financial asset was reclassified from AFS unlisted equity investment with original carrying amount of approximately HK$340,800,000 measured at cost less impairment under HKAS 39 to financial assets measured at FVTPL and was remeasured at fair value of approximately HK$381,655,000. Fair value gain of approximately HK$40,855,000 was recognised in accumulated losses upon remeasurement on 1 April 2018.

From AFS unlisted equity investment to financial assets measured FVTOCI

The Group elected to present in other comprehensive income the subsequent change in fair value changes of certain unlisted equity investment previously classified as available-for-sale investment. This investment is not held for trading and not expected to be sold in the foreseeable future. As a result, the financial asset was reclassified from available for-sale investment with original carrying amount of approximately HK$1,590,000,000 to financial assets measured at FVTOCI and no remeasurement is required on 1 April 2018 as the AFS investments were measured at fair value as at 31 March 2018. Cumulative fair value gain of approximately HK$54,424,000 was reclassified from the AFS revaluation reserve to the FVTOCI reserve upon reclassification on 1 April 2018.

(ii) ***Investments at FVTPL***

From investments at FVTPL to financial assets measured at FVTPL

Listed equity investments, held-for-trading listed equity investments and held-for-trading investment funds with fair value of approximately HK$1,340,761,000, HK$721,869,000 and HK$1,804,714,000 respectively. These investments are required to be classified as financial assets measured at FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(iii) ***Impairment under ECL model***

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade and other receivables, restricted cash and cash and cash equivalents have been grouped based on shared credit risk characteristics and their aging. The Group collectively used a provision matrix with appropriate aging groupings to assess level of provision rate.

Loss allowances for other financial assets at amortised cost mainly comprise finance lease receivables and loans receivables which are measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

As at 1 April 2018, the additional credit loss allowance of approximately HK$35,195,000 has been recognised against accumulated losses for the Group. The additional loss allowance is charged against the respective assets.

All loss allowances for financial assets including finance lease receivables, loan receivables and trade and other receivables, as at 31 March 2018 reconciled to the opening loss allowance as at 1 April 2018 are as follows:

	Finance lease receivables	**Loans receivables**	**Trade and other receivables**
	HK$'000	*HK$'000*	*HK$'000*
At 31 March 2018 – HKAS 39	–	45,000	–
Amounts remeasured through opening accumulated losses	13,342	9,236	12,617
At 1 April 2018	13,342	54,236	12,617

The reserve movement as at 31 March 2018 reconciled to the opening balances as at 1 April 2018 are as follows:

	Available-for-sale investments revaluation reserve	**Fair value through other comprehensive income reserve**	**Accumulated losses**
	HK$'000	*HK$'000*	*HK$'000*
Balance as at 31 March 2018	55,144	–	(877,314)
Reclassification			
– AFS club membership debenture to financial assets measured at fair value through profit or loss	(720)	–	720
– Available-for-sale investments revaluation reserve to fair value through other comprehensive income reserve	(54,424)	54,424	–
Remeasurement			
– AFS unlisted equity investments measured at cost to financial assets measured at fair value through profit or loss	–	–	40,855
Impairments under ECL			
– Finance lease receivables	–	–	(13,342)
– Loan receivables	–	–	(9,236)
– Trade and other receivables	–	–	(12,617)
At 1 April 2018, as restated	–	54,424	(870,934)

(b) Reconciliation of statement of financial position balances from HKAS 39 to HKFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. The following table reconciles the carrying amounts of financial assets and financial liabilities upon transition to HKFRS 9 on 1 April 2018:

	At 31 March 2018 *HK$'000* (Audited)	HKFRS 9 *HK$'000*	**At 1 April 2018** ***HK$'000*** **(Restated)**
NON-CURRENT ASSETS			
Available-for-sale investments	1,936,000	(1,936,000)	**–**
Financial assets measured at FVTOCI	–	1,590,000	**1,590,000**
Finance lease receivables	1,950,858	(2,704)	**1,948,154**
Investments at FVTPL	1,340,761	(1,340,761)	**–**
Financial assets measured at FVTPL	–	1,727,616	**1,727,616**
Loans receivables	629,883	–	**629,883**
CURRENT ASSETS			
Finance lease receivables	1,016,581	(10,638)	**1,005,943**
Investments at FVTPL	2,526,583	(2,526,583)	**–**
Financial assets measured at FVTPL	–	2,526,583	**2,526,583**
Loans receivables	728,922	(9,236)	**719,686**
Trade and other receivables	1,193,226	(12,617)	**1,180,609**
RESERVE	5,769,570	5,660	**5,775,230**

(c) Judgements and estimates

In preparing these consolidated financial statements, the management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty was the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2018.

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 supersedes the revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

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 Group has adopted HKFRS 15 from 1 April 2018 which resulted in changes in accounting policies. In accordance with the transition provisions in HKFRS 15, the Group has adopted the new rules retrospectively. The Group assessed the impacts of adopting HKFRS 15 on its consolidated financial statements. Based on the assessment, the adoption of HKFRS 15 does not have a significant impact on the Group's revenue recognition.

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:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[2]
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement[1]
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[1]
HKFRS 3 (Amendments)	Definition of a Business[5]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]

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

2 Effective for annual periods beginning on or after 1 January 2020.

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

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

5 Effective for business combination and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

HKFRS 16 Leases

HKFRS 16 was issued in May 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. The Group's future minimum lease payments under non-cancellable operating leases of approximately HK$9,128,000. 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.

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 Group incurred a loss for the period of approximately HK$691,176,000 during the nine months ended 31 December 2018 (year ended 31 March 2018: profit of HK$670,725,000). This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have made an assessment and concluded that the Group is able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to the following:

- Upon Coastal Emerald Limited ("Coastal Emerald"), an indirect wholly-owned subsidiary of the Company, issued the guaranteed bonds, Shandong Hi-Speed Group Co., Ltd. ("Shandong Hi-Speed"), a shareholder of the Company which held 42.78% equity interests of the Company as at the date of this announcement, entered into a keepwell deed that Shandong Hi-Speed would undertake that it shall cause (i) each of Coastal Emerald and the Company to remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards (ii) each of Coastal Emerald and the Company to have consolidated net assets of at least US$1.00 (or its equivalent in any other currency) at all times, and (iii) each of Coastal Emerald and the Company to have sufficient liquidity to ensure timely payment by it of any amounts due and payable in respect of the guaranteed bonds. If either Coastal Emerald or the Company at any time determines that it will have insufficient liquidity to meet any of its payment obligations under the guaranteed bonds, it shall promptly notify Shandong Hi-Speed of the shortfall and Shandong Hi-Speed will make available, or procure the availability to it before the due date of the relevant payment obligations, funds sufficient to enable it to pay such payment obligations in full as they fall due.

Consequently, the consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements do not include any adjustments that would result should the Group be unable to operate as a going concern.

The consolidated financial statements have been prepared under the historical cost basis, except for financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss, 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 nine months ended 31 December 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.

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	
	Nine months ended 31 December 2018 *HK$'000*	Year ended 31 March 2018 *HK$'000*	**Nine months ended 31 December 2018 *HK$'000***	Year ended 31 March 2018 *HK$'000*	**Nine months ended 31 December 2018 *HK$'000***	Year ended 31 March 2018 *HK$'000*	**Nine months ended 31 December 2018 *HK$'000***	Year ended 31 March 2018 *HK$'000*	**Nine months ended 31 December 2018 *HK$'000***	Year ended 31 March 2018 *HK$'000*	**Nine months ended 31 December 2018 *HK$'000***	Year ended 31 March 2018 *HK$'000*
Segment revenue:												
Revenue within the scope of HKFRS 15												
Consultancy services income	**23,395**	59,950	**–**	–	**1,150**	258,752	**57,187**	–	**–**	–	**81,732**	318,702
Handing fee income	**–**	–	**–**	–	**34,041**	1,441	**–**	–	**–**	1,009	**34,041**	2,450
Income from asset management and performance	**–**	–	**–**	–	**–**	–	**2,633**	–	**–**	–	**2,633**	–
Online new media services income	**–**	–	**–**	–	**–**	–	**29,466**	1,260	**–**	–	**29,466**	1,260
	23,395	59,950	**–**	–	**35,191**	260,193	**89,286**	1,260	**–**	1,009	**147,872**	322,412
Revenue outside the scope of HKFRS 15												
Financial leasing income	**–**	–	**–**	–	**79,046**	55,986	**–**	–	**–**	–	**79,046**	55,986
Interest income from money lending operations	**–**	–	**83,064**	50,383	**14,840**	5,093	**25,157**	–	**–**	–	**123,061**	55,476
Distribution from financial assets measured at FVTPL	**11,527**	–	**–**	–	**893**	–	**–**	–	**–**	–	**12,420**	–
Distribution from investments at FVTPL	**–**	14,075	**–**	–	**–**	–	**–**	–	**–**	–	**–**	14,075
Dividend income from financial assets measured at FVTPL	**38,375**	–	**–**	–	**–**	–	**–**	–	**–**	–	**38,375**	–
Dividend income from investments at FVTPL	**–**	7,680	**–**	–	**–**	–	**–**	–	**–**	–	**–**	7,680
Interest income from financial assets measured at FVTPL	**12,443**	–	**–**	–	**–**	–	**–**	–	**–**	–	**12,443**	–
Interest income from financial assets measured at FVTOCI	**13,979**	–	**–**	–	**–**	–	**–**	–	**–**	–	**13,979**	–
Interest income from investments at FVTPL	**–**	2,811	**–**	–	**–**	–	**–**	–	**–**	–	**–**	2,811
	76,324	24,566	**83,064**	50,383	**94,779**	61,079	**25,157**	–	**–**	–	**279,324**	136,028
Revenue from external customers	**99,719**	84,516	**83,064**	50,383	**129,970**	321,272	**114,443**	1,260	**–**	1,009	**427,196**	458,440
Segment results	**(90,043)**	583,867	**117,620**	64,906	**(464,351)**	257,334	**(12,720)**	(1,646)	**–**	–	**(449,494)**	904,461
Reconciliations:												
Unallocated income											**–**	29,725
Unallocated finance costs											**(133,737)**	(102,452)
Unallocated expenses*											**(165,140)**	(104,732)
Share of results of associates											**47**	(750)
(Loss)/Profit before tax											**(748,324)**	726,252
Other segment information:												
Finance costs	**(30,875)**	(18,560)	**(9,966)**	–	**(17,671)**	–	**(15)**	–	**(133,737)**	(102,452)	**(192,264)**	(121,012)
Amortisation	**–**	–	**–**	–	**–**	–	**(3,304)**	(66)	**–**	–	**(3,304)**	(66)
Depreciation	**–**	–	**–**	–	**(917)**	(4,125)	**(637)**	–	**(2,023)**	(6,113)	**(3,577)**	(10,238)
Fair value losses on financial assets measured at FVTPL, net	**(230,758)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(230,758)**	–
Fair value gains on investments at FVTPL, net	**–**	561,576	**–**	–	**–**	–	**–**	–	**–**	–	**–**	561,576
Impairment loss on Goodwill	**–**	–	**–**	–	**(146,586)**	–	**–**	–	**–**	–	**(146,586)**	–
Impairment loss on finance lease receivables	**–**	–	**–**	–	**(144,890)**	–	**–**	–	**–**	–	**(144,890)**	–
Impairment loss on loan receivable	**–**	–	**3,079**	–	**66**	–	**(5,077)**	–	**–**	–	**(1,932)**	–
Impairment loss on trade and other receivable	**(59,481)**	–	**(271)**	–	**(1,606)**	–	**(1,212)**	–	**(2,213)**	–	**(64,783)**	–
Impairment loss on advances to associates	**(288)**	–	**–**	–	**–**	–	**–**	–	–	–	**(288)**	–
Loss on disposal of property, plant and equipment	**–**	–	**–**	–	**–**	(47)	**–**	–	**–**	(225)	**–**	(272)
Loss on redemption of convertible bonds	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(16,254)	**–**	(16,254)
Gain on disposal of a subsidiary	**–**	–	**–**	–	**–**	–	**–**	–	**–**	14,713	**–**	14,713
Gain on disposal of interest in subsidiaries resulting in loss of control	**–**	–	**–**	–	**–**	–	**–**	–	**–**	346	**–**	346
Capital expenditure**	**–**	–	**–**	465	**259**	9	**1,238**	37,211	**1,295**	6,946	**2,792**	44,631

* Unallocated expenses mainly included employee benefit expenses of approximately HK$37,184,000 (31 March 2018: HK$57,646,000), loss on redemption of convertible bonds of approximately HK$nil (31 March 2018: HK$16,254,000), exchange loss of approximately HK$69,723,000 (31 March 2018: gain of approximately HK$23,241,000), legal and professional fees of approximately HK$16,660,000 (31 March 2018: HK$12,093,000) and depreciation of approximately HK$1,864,000 (31 March 2018: HK$6,113,000).

** 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:

	At 31 December 2018 *HK$'000*	At 31 March 2018 *HK$'000*
Segment assets:		
Investments in securities	**7,190,457**	7,214,929
Money lending	**803,632**	1,371,728
Financial leasing	**4,427,582**	5,402,303
Financial technology	**948,975**	365,661
	13,370,646	14,354,621
Unallocated assets	**6,819**	60,052
Total assets	**13,377,465**	14,414,673
Segment liabilities:		
Investments in securities	**4,521,244**	3,756,007
Money lending	**222,256**	527,457
Financial leasing	**2,901,675**	3,086,090
Financial technology	**63,866**	123,668
	7,709,041	7,493,222
Unallocated liabilities	**790,178**	1,076,627
Total liabilities	**8,499,219**	8,569,849

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:

	Nine months ended 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Customer A[1]	**N/A**	129,531
Customer B[1]	**N/A**	78,661

1 The revenue of Customer A and Customer B did not contribute over 10% of the total revenue during the nine months ended 31 December 2018.

No customer of the Group for the nine months ended 31 December 2018 has contributed over 10% of the total revenue of the Group.

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)*	
	Nine months ended 31 December 2018	Year ended 31 March 2018	**At 31 December 2018**	At 31 March 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**151,866**	135,908	**6,842**	7,388
Other parts of the PRC	**275,330**	322,532	**1,272,774**	1,468,649
	427,196	458,440	**1,279,616**	1,476,037

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

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, dividend income and interest income from financial assets measured at FVTPL, financial assets measured at FVTOCI and investments at FVTPL; income from asset management and performance; and online new media services income during the period/year.

	Nine months ended 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
An analysis of revenue is as follows:		
Revenue within the scope of HKFRS 15 *(Note (i))*		
Consultancy services income	**81,732**	318,702
Handing fee income	**34,041**	2,450
Income from asset management and performance	**2,633**	–
Online new media services income	**29,466**	1,260
	147,872	322,412
Revenue outside the scope of HKFRS 15		
Financial leasing income	**79,046**	55,986
Interest income from money lending operations	**123,061**	55,476
Distribution from financial assets measured at FVTPL	**12,420**	–
Distribution from investments at FVTPL	**–**	14,075
Dividend income from financial assets measured at FVTPL	**38,375**	–
Dividend income from investments at FVTPL	**–**	7,680
Interest income from financial assets measured at FVTPL	**8,175**	–
Interest income from financial assets measured at FVTOCI	**18,247**	–
Interest income from investments at FVTPL	**–**	2,811
	279,324	136,028
	427,196	458,440

Note:

(i) Revenue within the scope of HKFRS 15:

	Nine months ended 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Recognised at a point in time	**87,363**	280,712
Recognised over time	**60,509**	41,700
	147,872	322,412

6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	Nine months ended 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Other income:		
An analysis of other income is as follows:		
Bank interest income	**7,312**	4,992
Government subsidy *(Note)*	**300**	415
Compensation income	**–**	6,141
Foreign exchange gain, net	**–**	23,241
Sundry income	**1,116**	1,123
	8,728	35,912
Other gain and losses, net:		
An analysis of other gain and losses, net is as follows:		
Loss on disposal of property, plant and equipment	**–**	(272)
Loss on redemption of convertible bonds	**–**	(16,254)
Gain on disposal of a subsidiary	**–**	14,713
Gains on disposal of interest in subsidiaries resulting in loss of control	**–**	346
Impairment loss, net of reversal, recognised in respect of:		
Goodwill	**(146,586)**	–
Finance lease receivables	**(144,890)**	–
Loans receivables	**(1,932)**	–
Advances to associates	**(288)**	–
Trade and other receivables	**(64,783)**	–
Total other gains and losses, net	**(358,479)**	(1,467)

Note: This is the one-off subsidy received from the PRC government. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. (LOSS)/PROFIT BEFORE TAX

	Nine months ended 31 December 2018 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Auditors' remuneration:		
– Audit services	**3,000**	2,800
– Non-audit services	**250**	1,900
	3,250	4,700
Employee benefit expenses:		
Directors' remuneration:		
– Fees	**3,165**	2,473
– Salaries and allowances	**6,176**	8,964
– Retirement benefit scheme contributions (defined contribution scheme)*	**34**	59
Sub-total	**9,375**	11,496
Other staff's costs:		
– Salaries and allowances	**80,313**	47,006
– Retirement benefit scheme contributions (defined contribution scheme)*	**7,712**	2,144
Sub-total	**88,025**	49,150
Total employee benefit expenses	**97,400**	60,646

	Nine months ended 31 December 2018 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Sales proceeds from disposal of a fund	**(470,105)**	–
Carrying amount of a fund	**477,640**	–
Realised loss from financial assets measured at FVTPL – a fund *(note 13(i)(c))*	**7,535**	–
Unrealised losses from financial assets measured at FVTPL – securities, debentures and funds, net *(note 13(i)(b))*	**223,223**	–
Fair value losses on financial assets measured at FVTPL – securities, debentures and funds, net	**230,758**	–
Sales proceeds from disposal of securities and bonds	**–**	(1,024,000)
Carrying amount of securities and bonds	**–**	922,137
Realised gains from investments at FVTPL – securities and bonds, net	**–**	(101,863)
Unrealised gains from investments at FVTPL – securities and funds, net	**–**	(459,713)
Fair value gains on investments at FVTPL – securities, bonds and funds, net	**–**	(561,576)
Foreign exchange loss/(gain), net	**69,723**	(23,241)
Amortisation	**3,304**	66

Note:

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

8. FINANCE COSTS

	Nine months ended 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
An analysis of interest expenses is as follows:		
Interest on bank borrowings wholly repayable within five years	**30,946**	7,469
Interest on other borrowings	**49,087**	33,623
Interest on bonds	**140,938**	13,297
Amortised interest on convertible bonds	**56,200**	88,051
	277,171	142,440
Less: Cost of services	**(84,907)**	(21,428)
Finance Costs	**192,264**	121,012

9. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (year ended 31 March 2018: 16.5%) of the estimated assessable profits for the nine months ended 31 December 2018.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The PRC Enterprise Income Tax for the PRC subsidiaries are calculated at the PRC Enterprise Income Tax rate of 25% (year ended 31 March 2018: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Nine months ended 31 December 2018 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Current tax		
– Hong Kong Profits Tax	**–**	2,299
– PRC Enterprise Income Tax	**10,102**	67,391
	10,102	69,690
Overprovision in prior years		
– PRC Enterprise Income Tax	**(10,530)**	–
Deferred tax credit	**(56,720)**	(14,163)
Total income tax (credit)/expenses recognised in consolidated income statement	**(57,148)**	55,527

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Nine months ended 31 December 2018 *HK$'000*	Year ended 31 March 2018 *HK$'000*
(Loss)/Earnings for the period/year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**(705,280)**	671,330
Number of share ('000)		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**24,512,008**	21,522,389
Basic and diluted (loss)/earnings per share *(in HK cents)*	**(2.88)**	3.12

Diluted (loss)/earnings per share did not assume the conversion of convertible bonds and exercise of share options since their assumed conversion and exercise had an anti-dilutive effect on (loss)/ earnings per share for the nine months ended 31 December 2018 and year ended 31 March 2018.

11. DIVIDEND

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

12. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets measured at FVTOCI under HKFRS 9:

	At 31 December 2018	At 31 March 2018
	HK$'000	*HK$'000*
Non-current asset		
Unlisted equity investment		
– In elsewhere *(Notes (i) and (ii))*	**1,719,189**	–
Current assets		
Notes		
– In elsewhere *(Note (ii))*	**543,649**	–
Bonds		
– In the PRC *(Note (ii))*	**36,599**	–
	580,248	–

Notes:

(i) During the year ended 31 March 2018, the Group acquired 40% equity interest in Shandong Hi-Speed (BVI) International Holdings Limited ("Shandong (BVI)") by way of issuance of 5,000,000,000 consideration shares of the Company with the fair value at initial recognition determined to be approximately HK$1,530,000,000 plus respective transaction cost of approximately HK$5,576,000. The directors of the Company consider that the Group has no significant influence over Shandong (BVI) which was classified as AFS investments as at 31 March 2018. On initial application of HKFRS 9, the directors of the Company have elected to designate this equity investment in financial assets measured at FVTOCI.

The fair value of Shandong (BVI) as at 31 December 2018 was approximately HK$1,719,189,000 (1 April 2018: HK$1,590,000,000), which is determined with reference to the valuation report issued by a firm of independent valuers using discounted cash flow method. The fair value gain of approximately HK$129,189,000 (31 March 2018: HK$54,424,000) on the investment in Shandong (BVI) was recognised in other comprehensive income for the nine months ended 31 December 2018. This is classified as Level 3 fair value measurement under HKFRS 13.

(ii) Details of financial assets measured at FVTOCI

	Number of shares/units held		Percentage of shareholding		Fair value		Percentage to the Group's net assets	
	at 31 December 2018	at 31 March 2018	**at 31 December 2018**	at 31 March 2018	**at 31 December 2018**	at 31 March 2018	**at 31 December 2018**	at 31 March 2018
Nature of investments			***%***	*%*	***HK$'000***	*HK$'000*	***%***	*%*
Non-current asset								
Unlisted equity investment in elsewhere								
Shandong (BVI)	**N/A**	–	**40**	–	**1,719,189**	–	**35.24**	–
Current asset								
Notes in elsewhere	**N/A**	–	**N/A**	–	**543,649**	–	**11.14**	–
					543,649	–		
Bonds								
In the PRC								
Yue Xiu Securities Company Limited	**N/A**	–	**N/A**	–	**36,599**	–	**0.75**	–
					36,599	–		
					580,248	–		

13. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets measured at FVTPL under HKFRS 9:

	At 31 December 2018	At 31 March 2018
	HK$'000	*HK$'000*
Non-current assets		
Listed equity investments		
– In Hong Kong *(Note (i))*	**1,440,764**	–
Unlisted equity investments *(Note (i))*		
– In the PRC	**511**	–
– In elsewhere	**308,365**	–
	308,876	–
Other investments		
– In the PRC *(Note (i))*	**34,090**	–
Club membership debenture *(Note (i))*		
– In Hong Kong	**6,200**	–
Total	**1,789,930**	–

	At **31 December** **2018** ***HK$'000***	At 31 March 2018 *HK$'000*
Current assets		
Held-for-trading listed equity investments		
– In Hong Kong *(Note (i))*	**639,819**	–
Guaranteed structure notes		
– In elsewhere *(Note (i))*	**77,167**	–
Held-for-trading investment funds *(Note (i))*		
– In Hong Kong	**540,419**	–
– In elsewhere	**600,557**	–
– In the PRC	**36,456**	–
	1,177,432	–
Held-for-trading investment bonds		
– In Hong Kong *(Note (i))*	**235,984**	–
Total	**2,130,402**	–

Note:

(i) (a) Details of financial assets measured at FVTPL

Nature of investments	Number of shares/units held at 31 December 2018	Number of shares/units held at 31 March 2018	Percentage of shareholding at 31 December 2018 %	Percentage of shareholding at 31 March 2018 %	Fair value at 31 December 2018 HK$'000	Fair value at 31 March 2018 HK$'000	Percentage to the Group's net assets at 31 December 2018 %	Percentage to the Group's net assets at 31 March 2018 %
Non-current assets								
Listed equity investment in Hong Kong								
Jiayuan International Group Limited (stock code: 2768)	99,500,227	–	3.96	–	1,440,764	–	29.53	–
Unlisted equity investment in the PRC								
Yunnan Highway	29,951,000	–	8.32	–	–	–	–	–
北京樓宇通信息科技有限公司	900,000	–	9.00	–	511	–	0.01	–
Unlisted equity investment in elsewhere								
Satinu Resources Group Limited	48,000,000	–	4.63	–	308,365	–	6.32	–
					308,876	–		
Other investment in the PRC								
尊瑩1號	N/A	–	N/A	–	34,090	–	0.70	–
Club membership debenture in Hong Kong	N/A	–	N/A	–	6,200	–	0.13	–
					1,789,930	–		
Current assets								
Held-for-trading listed equity investments in Hong Kong								
China Smarter Energy Group Holding Limited (stock code: 1004)	677,736,000	–	7.23	–	542,189	–	11.11	–
Code Agriculture (Holdings) Limited (stock code: 8153)	60,000,000	–	2.24	–	4,440	–	0.09	–
Far East Holdings International Limited (stock code: 36)	11,814,000	–	1.08	–	4,608	–	0.09	–
Hao Tian Development Group Limited (stock code: 474)	385,000,000	–	7.86	–	88,550	–	1.82	–
Huatai Securities Company Limited (stock code: 6886)	2,600	–	0.00	–	32	–	0.00	–
					639,819	–		
Guaranteed structure notes								
Haitong International Securities Company Limited	N/A	–	N/A	–	77,167	–	1.58	–
Held-for-trading investment funds in Hong Kong								
Sinolink Securities (HK) Co. Ltd	N/A	–	N/A	–	540,419	–	11.08	–
Held-for-trading investment finds in elsewhere								
Altair Asia Investment Limited	N/A	–	N/A	–	20,000	–	0.41	–
Haitong International Investment Fund	200,000	–	N/A	–	146,182	–	3.00	–
China Times Investments Limited	668,210	–	N/A	–	434,375	–	8.90	–
					600,557	–		
Held-for-trading investment funds in the PRC	N/A	–	N/A	–	36,456	–	0.75	–
Held-for-trading investment bonds in Hong Kong								
Jiarui Investment (Hong Kong) Company Limited	N/A	–	N/A	–	235,984	–	4.84	–
					2,130,402	–		

(i) **(b) Net unrealised losses from financial assets measured at FVTPL**

	Nine months ended 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Unrealised gains of financial assets in Hong Kong for the period/year, net	**(182,249)**	–
Unrealised losses of financial assets outside Hong Kong (including PRC) for the period/year, net	**405,472**	–
Unrealised losses from financial assets measured at FVTPL, net *(note 7)*	**223,223**	–

(c) Realised loss from financial assets measured at FVTPL

	Nine months ended 31 December 2018	Year ended 31 March 2018
	HK$'000	*HK$'000*
Realised loss of financial assets in Hong Kong for the period/year, net	**7,535**	–
Realised loss from financial assets measured at FVTPL, net *(note 7)*	**7,535**	–

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at FVTPL under HKAS 39:

	At 31 December 2018	At 31 March 2018
	HK$'000	*HK$'000*
Non-current assets		
Listed equity investments		
– In the PRC	–	234,862
– In Hong Kong	–	1,105,899
Total	–	1,340,761
Current assets		
Held-for-trading listed equity investments		
– In Hong Kong	–	721,869
Held-for-trading investments funds		
– In Hong Kong	–	546,828
– In elsewhere	–	1,257,886
	–	1,804,714
Total	–	2,526,583

15. FINANCE LEASE RECEIVABLES

	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Present value of minimum lease payments receivables	**2,819,308**	2,967,439
Less: Current portion included under current assets	**(1,083,033)**	(1,016,581)
Amounts due after one year included under non-current assets	**1,736,275**	1,950,858

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

	At 31 December 2018 HK$'000	At 31 March 2018 HK$'000
Within one year	**1,083,033**	1,016,581
In the second year	**818,444**	739,486
In the third to fifth years	**917,831**	1,211,372
	2,819,308	2,967,439

16. LOANS RECEIVABLES

	At 31 December 2018	At 31 March 2018
	HK$'000	*HK$'000*
Loans receivables	**1,388,356**	1,403,805
Less: allowance for impairment loss	**(55,990)**	(45,000)
	1,332,366	1,358,805
Less: amount classified as current assets	**(843,713)**	(728,922)
Non-current portion	**488,653**	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:

	At 31 December 2018	At 31 March 2018
	HK$'000	*HK$'000*
Within 90 days	**248,861**	28,922
91 days to 180 days	**228,867**	500,000
181 days to 1 year	**365,985**	200,000
1 year to 2 years	**488,653**	434,883
More than 2 years	**–**	195,000
	1,332,366	1,358,805

17. TRADE AND OTHER RECEIVABLES

	At 31 December 2018	At 31 March 2018
	HK$'000	*HK$'000*
Trade receivables *(Note (i))*	**38,028**	14,559
Prepayments	**11,391**	5,838
Deposits	**54,421**	60,528
Advance to an investee company	**–**	15,899
Interest receivables	**68,624**	26,006
Other receivables	**818,619**	1,070,396
	991,083	1,193,226

Note:

(i) 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:

	At 31 December 2018	At 31 March 2018
	HK$'000	*HK$'000*
Within 90 days	**30,188**	13,304
91 days to 180 days	**1,559**	118
181 days to 1 year	**637**	1,038
Over 1 year	**5,644**	99
	38,028	14,559

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

As stated in the announcement of the Company dated 21 June 2018, the Board has resolved to change the financial year end date of the Company from 31 March to 31 December with effect from and including the financial year of 2018, to align the financial year end date of the Company with the financial year end date of the operating subsidiaries of the Group in the PRC, thereby streamlining the process of preparation of the consolidated financial statements of the Group. Accordingly, the current financial period covers the period of nine months from 1 April 2018 to 31 December 2018, which may not be fully comparable to the results of previous years covering the period of twelve months.

The Board announces that the Group, for the nine months ended 31 December 2018, has recorded a net loss of approximately HK$691,176,000 (for the year ended 31 March 2018: net profit of approximately HK$670,725,000). The net loss is mainly attributable to the provision for significant impairment of financial assets, and a significant decrease of the fair value gains arising from financial assets at fair value through profit or loss due to fluctuations in the stock market.

As at 31 December 2018, the Group recorded total assets of approximately HK$13,377,465,000 (31 March 2018: HK$14,414,673,000), total liabilities of approximately HK$8,499,219,000 (31 March 2018: HK$8,569,849,000), and therefore net assets of approximately HK$4,878,246,000 (31 March 2018: HK$5,844,824,000).

The Company is an investment holding company with its subsidiaries, engaging in the following operating segments during the nine months ended 31 December 2018:

a) Financial leasing

During the nine months ended 31 December 2018, the financial leasing business recorded a loss of approximately HK$464,351,000 (for the year ended 31 March 2018: profit of approximately HK$257,334,000), which was mainly attributable to the impairment of approximately HK$293,016,000, of which goodwill impairment amounted to approximately HK$146,586,000. After years of rapid development and industry adjustment, the financial leasing industry in the PRC has stabilised in terms of the respective strength of the lenders and the intensity of competition in the market, which laid a solid foundation for the further development and growth of the Group in this sector by strengthening its capital base, expanding its operations and exposure in the market, attracting and selecting high quality borrowers, and improving its credit control. With the macro-policy measures to be promulgated by the Central Economic Work Conference to benefit the leasing industry, coupled with the steady advancement of national policies, including the supply-side reform, inclusive finance and the "Belt and Road Initiatives", there will be great development potential for the financial leasing industry in the future.

b) Investment in securities

During the nine months ended 31 December 2018, the Group's securities portfolio recorded an unrealised losses on financial assets measured at fair value through profit or loss of approximately HK$223,223,000 (for the year ended 31 March 2018: unrealised fair value gains on investments of approximately HK$459,713,000) and a realised fair value losses on financial assets of approximately HK$7,535,000 (for the year ended 31 March 2018: realised fair value gains on investments of approximately HK$101,863,000). The unrealised fair value changes had no impact on the Group's cash flow since they were a non-cash item.

c) Money lending

During the nine months ended 31 December 2018, the money lending segment recorded a turnover of approximately HK$83,064,000 (for the year ended 31 March 2018: HK$50,383,000). The increase in turnover was mainly due to the expansion of the business. The loan portfolio amounted to approximately HK$1,332,366,000 as at 31 December 2018 (31 March 2018: HK$1,358,805,000). The Group will maintain a cautious approach for risk management so as to maintain the soundness of its money lending business.

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

d) Financial technology

The Group currently owns 60% shares of Kun Peng International Limited ("Kun Peng"). 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") and its subsidiaries by way of structured contracts. Honesta New Finance and its subsidiaries are mainly engaged in financial technology, asset management and new media services. The Group conducts the financial technology business through Honesta New Finance, which would facilitate the Company' development in this field and broaden the range of financial services offered to the Group's customers. In the future, Honesta New Finance will continue to create synergy with the existing businesses of the Group and facilitate the Company's development.

During the nine months ended 31 December 2018, the Group also carried out the businesses of operating an asset trading platform, securities brokerage and commercial factoring.

Asset Trading Platform

The Group is engaged in the business of financial leasing, leasing real estates as well as other assets, and provision of spot trading platform and marketing and consulting services related to the aforesaid 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）, a wholly-owned subsidiary of the Company based in Qianhai, Shenzhen, would continue to benefit from the favourable policies implemented in 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.

FUTURE PROSPECTS

Following the reform by the State Council on the financial regulatory system in the PRC in 2018, monetary policies and macro-prudential policies are expected to be fully coordinated and implemented and a regulatory framework which is more consistent with the modern financial system will be gradually established, which will in turn smoothen and stabilise the dynamics in the financial sector in the PRC. It is expected that in the near future, new operating models will be formed in the financial sector in the PRC. With the strong support of Shandong Hi-Speed Group Co., Ltd*（山東高速集團有限公司）(“Shandong Hi-Speed Group”) which is our controlling shareholder and by taking full advantage of the access to market and funding provided by the Shandong Hi-Speed Group, the Group will continue to focus on various financial segments to achieve diversified development.

Under the current macro-economic circumstance which is generally stable while still with some uncertainties, the PRC has accelerated its pace of economic structure transition to modern, high-end manufacturing industry. With the further implementation of the “Belt and Road Initiative” and the increasing demands for quality of life, the market demand for services of financial institutions including leasing will increase significantly as a result of the development of the real economy.

As an important part of the “Belt and Road Initiative”, the Guangdong-Hong Kong-Macau Greater Bay Area, with its advantages in respect of economic scale, industry network and geographical location, has the potential to become a world class economic region, and is one of the regions in the PRC with the highest level of economic growth and vibrancy. In the past two years, the development of the Guangdong-Hong Kong-Macau Greater Bay Area has entered an advanced stage, and the central government and the local governments in Guangdong, Hong Kong and Macau have all implemented various relevant policies to facilitate the bay area’s development as a crucial growth strategy.

Originated in Shandong, the Group has accumulated years of experience in the Hong Kong capital market. In the future, it will leverage the unique strengths of Hong Kong and Macao to expand its scope of cooperation with enterprises in the countries in the “Belt and Road Initiative” regions and the Guangdong-Hong Kong-Macao Greater Bay Area in the financial sectors, and actively explore and seek for high-quality investment opportunities, so as to lay a solid foundation for the Group’s development.

The Group will also look for potential acquisition targets that will create synergy with the Group and enhance its 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 15 January 2019, a wholly-owned subsidiary of the Group issued US$550,000,000 5.95% guaranteed bonds due 2020. On 19 February 2019, the Group further issued US$50,000,000 5.95% guaranteed bonds due 2020. The issuances of the bonds are a significant step of the Company in gaining recognition in the international finance market and would provide the Company with an additional source of funding for its business development.

Further details about the abovementioned matters are set out in the announcement of the Company dated 9 January 2019 and the formal notices respectively dated 15 January 2019 and 19 February 2019.

FUNDRAISING ACTIVITIES

The Group did not conduct any fundraising activity during the nine months ended 31 December 2018.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2018, the Group's total assets and borrowings were HK$13,377,465,000 and HK$8,085,956,000, respectively. The borrowings of the Group contained bank borrowings, bonds and other borrowings which were approximately HK$1,139,064,000, HK$4,759,422,000 and HK$1,876,433,000, respectively. As at 31 December 2018, the Group had an outstanding convertible bond of approximately HK$311,037,000 with a fixed interest rate of 6% per annum, a public bond in an amount of HK$4,739,322,000 with a fixed interest rate of 3.9% per annum and two unsecured bonds for a term of seven years of approximately HK$20,100,000 with a fixed interest rate of 5% per annum. Although the convertible bond, 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 December 2018 was approximately 60.44% (31 March 2018: approximately 55.70%).

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 consider 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 hike cycle on the U.S. dollar-denominated assets, and will adopt appropriate response measures.

PLEDGE OF ASSETS

During the nine months ended 31 December 2018, the charge over the shares of a subsidiary of the Company has been released.

As at 31 December 2018, a finance lease receivable with a carrying amount of RMB150,000,000 (equivalent to approximately HK$170,451,000) was pledged for a loan in an amount of RMB116,270,000 (equivalent to approximately HK$132,122,000).

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Group had no other significant contingent liabilities and capital commitment as at 31 December 2018.

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

On 16 August 2018, the Board exercised its authority under the repurchase mandate, pursuant to which, the Company repurchased 55,170,000 Shares in total on market, at an aggregate consideration of approximately HK$9,997,000 (before brokerage and expenses).

On 15 August 2018, the Board exercised its authority under the repurchase mandate, pursuant to which, the Company repurchased 44,094,000 Shares in total on market, at an aggregate consideration of approximately HK$7,127,000 (before brokerage and expenses).

Save as disclosed above, no purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the nine months ended 31 December 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group had no material acquisitions or disposals of subsidiaries during the nine months ended 31 December 2018.

EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 December 2018, the Group had a workforce, including the Directors and the directors of the Company's subsidiaries, of 579 employees, of which 531 were based in the PRC. Staff costs incurred and charged to profit or loss for the nine month ended 31 December 2018, including Directors' remuneration, were approximately HK$97,400,000 (for the year ended 31 March 2018: approximately HK$60,646,000). The increase in staff costs was in line with the business expansion of the Group.

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 basis for the review of the remuneration package. The Group participates in a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all its employees in Hong Kong.

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 has adopted a series of human resource management initiatives, including providing training programmes and development opportunities for its staff. The Group has established individual training and development record for each of our employees to improve their professional service standards and to keep them updated with the latest knowledge developments and help them develop sufficient professional capability to provide better services for investors and other stakeholders. The Group has also been implementing the "Internal Sharing Plan" in the Group, encouraging our staff to share their expertise and experience with others. In addition, the Group encouraged all employees to participate in financial knowledge training courses organised by various commercial institutions to enrich and improve their understanding of finance. The Group also provided other benefits to the staff in accordance with the prevailing market practice.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

The Group pays a high level of attention to indicators of energy usage and emission. Although the Group is not involved in any manufacturing activities, it adheres to low-carbon travel without hindering the efficient operations of the Group. Employees shall strictly comply with the specifications of travel allowance claim under the daily expense standards. Based on the principles of efficiency and conservation, the Group encourages our employees to choose low-carbon and efficient means of transportation, such as MTR and other public transport. The Group also encourages employees to travel together and take the same flight to allow pick-up in one go and conserve energy.

The Group adheres to the policies of efficient use of energy, water and other resources as the Group endorses conservation of energy and resources in daily operations. The Group posts notes at lighting switches and other conspicuous areas as one of the measures for energy conservation. The Group advocates the Energy Saving Charter on Indoor Temperature and maintain an average indoor temperature of our office 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 of Hong Kong; 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.

A comprehensive Environmental, Social and Governance Report will be published on the websites of the Company and the Stock Exchange no later than three months after the publication of the annual report for the nine months ended 31 December 2018.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the nine months ended 31 December 2018, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws or regulations by the Group that has a material adverse impact on the business and operations of the Group.

CORPORATE GOVERNANCE

During the nine months ended 31 December 2018, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for the deviations disclosed below:

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 nine months ended 31 December 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.

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 nine months ended 31 December 2018, 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 other Directors 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. The Board will use reasonable endeavours to meet the requirement of this Code Provision C.1.2 in future.

AUDIT COMMITTEE

The audit committee of the Board 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 Group's consolidated results for the nine months ended 31 December 2018 have been reviewed by the audit committee of the Board.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the nine months ended 31 December 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 nine months ended 31 December 2018.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises that employees are its valuable assets. The Group's employee management focuses on recruiting and developing talents. 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 a good long-term relationship with business partners is one of its primary objectives. Accordingly, the management has used its best endeavours to maintain good communications, promptly exchanged ideas and shared business updates with them when appropriate. During the nine months ended 31 December 2018, there was no material or significant dispute between the Group and its business partners.

On 10 August 2018, an amended and restated memorandum of association and bye-laws was adopted by the Company to reflect certain amendments to the Listing Rules and the relevant Bermuda laws and to make other house-keeping improvements to the existing bye-laws.

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 nine months ended 31 December 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, 28 March 2019

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

* *for identification purpose only*