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FREEMAN FINTECH CORPORATION LIMITED

民眾金融科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

FINAL RESULTS

The Board of Directors (the “Board”) of Freeman FinTech Corporation Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2018, which have been reviewed by the Audit Committee, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2018

| | <i>Notes</i> | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| REVENUE | 4 | 500,469 | 108,285 |
| Cost of sales | | <u>(10,028)</u> | <u>(39,057)</u> |
| Gross profit | | 490,441 | 69,228 |
| Other income and gains, net | 4 | 497,320 | 327,594 |
| Fair value gains on investments at fair value through profit or loss, net | | 25,366 | 193,826 |
| General and administrative expenses | | (187,154) | (124,762) |
| Provision for impairment loss of loans receivable | 11 | (320,000) | – |
| Provision for impairment loss of accounts receivable | 10 | (135,417) | – |
| Finance costs | 6 | (207,079) | (29,920) |
| Share of profits and losses of an associate and a joint venture, net | | <u>160,907</u> | <u>(27,771)</u> |

| | <i>Notes</i> | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| PROFIT BEFORE TAX | 5 | 324,384 | 408,195 |
| Income tax credit/(expense) | 7 | <u>(21,362)</u> | <u>10,013</u> |
| PROFIT FOR THE YEAR | | <u>303,022</u> | <u>418,208</u> |
| Attributable to: | | | |
| Owners of the Company | | 269,894 | 418,208 |
| Non-controlling interests | | <u>33,128</u> | <u>–</u> |
| | | <u>303,022</u> | <u>418,208</u> |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 8 | | |
| Basic | | <u>HK1.76 cents</u> | <u>HK2.92 cents</u> |
| Diluted | | <u>HK1.72 cents</u> | <u>HK2.92 cents</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2018

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| PROFIT FOR THE YEAR | 303,022 | 418,208 |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | |
| Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods: | | |
| Available-for-sale investments: | | |
| Change in fair values | (2,829) | (1,497) |
| Reclassification of cumulative losses to the consolidated statement of profit or loss upon disposal of available-for-sale investments | 1,497 | – |
| Reclassification of cumulative gains to the consolidated statement of profit or loss upon disposal of an associate | (10,862) | – |
| Reclassification of exchange difference to the consolidated statement of profit or loss upon disposal of an associate | 2,422 | – |
| Exchange difference arising on translating foreign operations | 191,491 | (4,794) |
| Share of other comprehensive income/(loss) of an associate, net | (6,918) | 15,822 |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | 174,801 | 9,531 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 477,823 | 427,739 |
| Attributable to: | | |
| Owners of the Company | 441,365 | 427,739 |
| Non-controlling interests | 36,458 | – |
| | 477,823 | 427,739 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2018

| | <i>Notes</i> | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--|--------------|--------------------------------|--------------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 14,943 | 2,241 |
| Goodwill | | 660,674 | – |
| Investment in an associate | | – | 663,461 |
| Investment in a joint venture | | 143,470 | 136,804 |
| Intangible assets | | 17,145 | 1,736 |
| Available-for-sale investments | <i>9</i> | 667,445 | 663,483 |
| Finance lease receivables | <i>12</i> | 247,763 | 3,500 |
| Note receivable | <i>14</i> | – | 400,000 |
| Deposits | | 16,945 | 17,695 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 1,768,385 | 1,888,920 |
| CURRENT ASSETS | | | |
| Accounts receivable | <i>10</i> | 546,305 | 230,304 |
| Available-for-sale investments | <i>9</i> | 1,833,235 | – |
| Loans receivable | <i>11</i> | 1,266,824 | 226,899 |
| Factoring receivables | <i>13</i> | 323,614 | 268,671 |
| Finance lease receivables | <i>12</i> | 301,709 | 9,649 |
| Notes receivable | <i>14</i> | 600,000 | 800,000 |
| Prepayments, deposits and other receivables | | 49,497 | 34,288 |
| Investments at fair value through profit or loss | | 408,497 | 362,100 |
| Restricted bank deposits | | 190,899 | – |
| Cash and bank balances | | 1,302,157 | 614,918 |
| | | <hr/> | <hr/> |
| Total current assets | | 6,822,737 | 2,546,829 |
| CURRENT LIABILITIES | | | |
| Accounts payable | <i>15</i> | 97,220 | 22,274 |
| Other payables and accruals | | 136,074 | 14,230 |
| Interest-bearing borrowings | | 690,130 | 200,000 |
| Tax payable | | 33,927 | 1,415 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 957,351 | 237,919 |
| NET CURRENT ASSETS | | | |
| | | 5,865,386 | 2,308,910 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | 7,633,771 | 4,197,830 |

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| NON-CURRENT LIABILITIES | | |
| Other payables | 202,800 | – |
| Interest-bearing borrowings | 1,390,693 | 732,000 |
| Convertible bonds | 1,025,423 | – |
| Deferred tax liability | 3,500 | 68 |
| | <hr/> | <hr/> |
| Total non-current liabilities | 2,622,416 | 732,068 |
| | <hr/> | <hr/> |
| Net assets | 5,011,355 | 3,465,762 |
| | <hr/> <hr/> | <hr/> <hr/> |
| EQUITY | | |
| Equity attributable to owners of the Company | | |
| Issued capital | 15,663 | 14,324 |
| Reserves | 4,288,078 | 3,451,438 |
| | <hr/> | <hr/> |
| | 4,303,741 | 3,465,762 |
| Non-controlling interests | 707,614 | – |
| | <hr/> | <hr/> |
| Total equity | 5,011,355 | 3,465,762 |
| | <hr/> <hr/> | <hr/> <hr/> |

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain available-for-sale investments and investments at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except where otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s performance and financial position for the current and prior years and/or on the disclosures in the consolidated financial statements, except additional disclosure has been included to satisfy the new disclosure requirements introduced by the amendments to HKAS 7 Statement of cash flows: Disclosure initiative, which require entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has reportable operating segments as follows:

- (a) trading of securities and futures segment engages in the purchase and sale of securities and futures investments;
- (b) provision of finance segment engages in the provision of financing services in Hong Kong;
- (c) insurance brokerage business segment engages in insurance brokerage business and the provision of financial planning and related services;
- (d) securities and futures brokerage, placing, underwriting and margin financing segment engages in the provision of securities and futures brokerage services, the provision of placing, underwriting and margin financing;
- (e) factoring, financial guarantee and finance leasing segment engages in the provision of factoring, financial guarantee and finance leasing services and related activities;
- (f) investment holding segment engages in holding investments for continuing strategic or long-term purposes, primarily for dividend income and capital appreciation; and
- (g) corporate finance advisory segment engages in the provision of corporate finance advisory services and related activities.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), 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 bank and other interest income (excluding interest income from the provision of finance and margin financing, factoring and finance leasing activities), finance costs as well as head office and corporate expenses are excluded from such measurement.

Intersegment transactions are made with reference to the prices used for services made to independent third parties at the then prevailing market prices.

No analysis of the Group's assets and liabilities by operating segments was provided to the management for review during the years ended 31 March 2018 and 2017 for the purposes of resources allocation and performance assessment.

During the year ended 31 March 2018, the Group acquired subsidiaries, which are principally engaged in financial guarantee and finance leasing services that the performance was presented under factoring, financial guarantee and finance leasing segment.

Year ended 31 March 2018/As at 31 March 2018

| | Trading of securities and futures HK\$'000 | Provision of finance HK\$'000 | Insurance brokerage business HK\$'000 | Securities and futures brokerage, placing, underwriting and margin financing HK\$'000 | Factoring, financial guarantee and finance leasing HK\$'000 | Investment holding HK\$'000 | Corporate finance advisory HK\$'000 | Total HK\$'000 |
|--|---|----------------------------------|--|--|--|--------------------------------|--|-----------------------|
| Segment revenue: | | | | | | | | |
| Sales to external customers | 63,738 | 225,390 | 8,378 | 139,522 | 63,321 | - | 120 | 500,469 |
| Intersegment sales | - | - | - | 66 | - | - | - | 66 |
| | <u>63,738</u> | <u>225,390</u> | <u>8,378</u> | <u>139,588</u> | <u>63,321</u> | <u>-</u> | <u>120</u> | <u>500,535</u> |
| <i>Reconciliation:</i> | | | | | | | | |
| Elimination of intersegment sales | | | | | | | | <u>(66)</u> |
| Total revenue | | | | | | | | <u><u>500,469</u></u> |
| Segment results: | 73,057 | (362,861) | (4,972) | (64,612) | 41,481 | 788,803 | (1,372) | 469,524 |
| <i>Reconciliation:</i> | | | | | | | | |
| Bank interest income | | | | | | | | 285 |
| Other interest income | | | | | | | | 79,663 |
| Corporate and other unallocated expenses | | | | | | | | (18,009) |
| Finance costs | | | | | | | | <u>(207,079)</u> |
| Profit before tax | | | | | | | | <u><u>324,384</u></u> |

Year ended 31 March 2018/As at 31 March 2018

| | Trading of securities and futures | Provision of finance | Insurance brokerage business | Securities and futures brokerage, placing, underwriting and margin financing | Factoring, financial guarantee leasing | Investment holding | Corporate finance advisory | Total |
|--|-----------------------------------|----------------------|------------------------------|--|--|--------------------|----------------------------|----------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Other segment information: | | | | | | | | |
| Share of profits of an associate | - | - | - | - | - | 156,682 | - | 156,682 |
| Share of profits of a joint venture | - | - | - | - | - | 4,225 | - | 4,225 |
| Provision for impairment loss of loans receivable | - | (320,000) | - | - | - | - | - | (320,000) |
| Provision for impairment loss of accounts receivable | - | - | - | (135,417) | - | - | - | (135,417) |
| Depreciation | | | | | | | | |
| – operating segment | - | - | - | (498) | (2,096) | - | - | (2,594) |
| – unallocated | | | | | | | | (2,165) |
| | | | | | | | | <u>(4,759)</u> |
| Investment in a joint venture | - | - | - | - | - | 143,470 | - | 143,470 |
| Available-for-sale investments | - | - | - | - | 1,833,235 | 667,445 | - | 2,500,680 |
| Capital expenditure | | | | | | | | |
| – operating segment | - | - | - | 571 | 581 | - | - | 1,152* |
| – unallocated | | | | | | | | <u>12,085*</u> |
| | | | | | | | | <u>13,237</u> |

* These amounts represented additions to property, plant and equipment.

Year ended 31 March 2017/As at 31 March 2017

| | Trading of securities and futures <i>HK\$'000</i> | Provision of finance <i>HK\$'000</i> | Insurance brokerage business <i>HK\$'000</i> | Securities and futures brokerage, placing, underwriting and margin financing <i>HK\$'000</i> | Factoring and finance leasing <i>HK\$'000</i> | Investment holding <i>HK\$'000</i> | Corporate finance advisory <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|--|---|---|--|--|---|--------------------------|
| Segment revenue: | | | | | | | | |
| Sales to external customers | (18,903) | 14,841 | 36,082 | 69,620 | 6,645 | – | – | 108,285 |
| Intersegment sales | – | – | – | – | – | – | – | – |
| | (18,903) | 14,841 | 36,082 | 69,620 | 6,645 | – | – | 108,285 |
| <i>Reconciliation:</i> | | | | | | | | |
| Elimination of intersegment sales | | | | | | | | – |
| Total revenue | | | | | | | | <u>108,285</u> |
| Segment results: | 168,554 | (52,903) | (160) | 9,322 | 1,811 | 296,610 | (1,023) | 422,211 |
| <i>Reconciliation:</i> | | | | | | | | |
| Bank interest income | | | | | | | | 7 |
| Other interest income | | | | | | | | 18,772 |
| Corporate and other unallocated expenses | | | | | | | | (2,875) |
| Finance costs | | | | | | | | <u>(29,920)</u> |
| Profit before tax | | | | | | | | <u>408,195</u> |

Year ended 31 March 2017/As at 31 March 2017

| | Trading of securities and futures <i>HK\$'000</i> | Provision of finance <i>HK\$'000</i> | Insurance brokerage business <i>HK\$'000</i> | Securities and futures brokerage, placing, underwriting and margin financing <i>HK\$'000</i> | Factoring and finance leasing <i>HK\$'000</i> | Investment holding <i>HK\$'000</i> | Corporate finance advisory <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|-------------------------------------|--|--|---|---|--|--|---|--------------------------|
| Other segment information: | | | | | | | | |
| Share of losses of an associate | - | - | - | - | - | (33,484) | - | (33,484) |
| Share of profits of a joint venture | - | - | - | - | - | 5,713 | - | 5,713 |
| Depreciation | | | | | | | | |
| – operating segment | - | - | - | (252) | (26) | - | - | (278) |
| – unallocated | | | | | | | | (667) |
| | | | | | | | | <u>(945)</u> |
| Investment in an associate | - | - | - | - | - | 663,461 | - | 663,461 |
| Investment in a joint venture | - | - | - | - | - | 136,804 | - | 136,804 |
| Available-for-sale investments | - | - | - | - | - | 663,483 | - | 663,483 |
| Capital expenditure | | | | | | | | |
| – operating segment | - | - | - | 753 | - | - | - | 753* |
| – deposits (non-current portion) | - | - | - | 4,840 | - | - | - | 4,840 |
| – unallocated | | | | | | | | <u>1,343*</u> |
| | | | | | | | | <u>6,936</u> |

* These amounts represented additions to property, plant and equipment.

Geographical information

(a) Revenue from external customers

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Hong Kong | 437,148 | 101,640 |
| The People's Republic of China (the "PRC") | <u>63,321</u> | <u>6,645</u> |
| Total | <u><u>500,469</u></u> | <u><u>108,285</u></u> |

The geographic location of revenue from external customers is based on the location of the customers at which the services were rendered.

(b) Non-current assets

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|-----------|-------------------------|-------------------------|
| Hong Kong | 191,267 | 821,734 |
| The PRC | <u>661,910</u> | <u>203</u> |
| Total | <u><u>853,177</u></u> | <u><u>821,937</u></u> |

The geographic location of the non-current assets is based on the location of the operations to which they are allocated.

Information about major customers

Included in revenue arising from major customers which individually accounted for over 10% of the Group's revenue for the year:

| | 2018 | 2017 |
|------------------------------|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Insurance brokerage business | | |
| Customer A | N/A* | 30,397 |
| Provision of finance | | |
| Customer B | 69,141 | – |

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

The Group's dividend income and gains/(losses) from the sale of investments at fair value through profit or loss are excluded from total revenue for the purpose of identifying major customers of the Group who accounted for over 10% of the Group's revenue.

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents interest income earned from the provision of finance; dividend income from investments at fair value through profit or loss; net gains/(losses) from the sale of investments at fair value through profit or loss; insurance brokerage income; corporate finance advisory fee; commission and brokerage income from securities and futures dealings; commission from underwriting and placing services; interest income on margin financing activities; commissions and fees from financial guarantee services; factoring interest income and finance lease interest income during the year.

An analysis of revenue, other income and gains, net is as follows:

| | 2018 HK\$'000 | 2017 HK\$'000 |
|---|------------------|------------------|
| Revenue | | |
| Interest income from provision of finance | 225,390 | 14,841 |
| Dividend income from investments at fair value through profit or loss | 5,250 | 33,020 |
| Gains/(losses) from the sale of investments at fair value through profit or loss, net (<i>note a</i>) | 58,488 | (51,923) |
| Insurance brokerage income | 8,378 | 36,082 |
| Corporate finance advisory fee | 120 | – |
| Commission and brokerage income from securities and futures dealings | 51,569 | 15,725 |
| Commission from underwriting and placing services | 4,012 | 16,970 |
| Interest income on margin financing activities | 83,941 | 36,925 |
| Commissions and fees from financial guarantee services | 12,373 | – |
| Factoring interest income | 14,573 | 5,807 |
| Finance lease interest income | 36,375 | 838 |
| | <u>500,469</u> | <u>108,285</u> |
| Other income and gains, net | | |
| Bank interest income | 285 | 7 |
| Other interest income | 123 | 18,772 |
| Investment income on available-for-sale investments | 79,540 | – |
| Dividend handling charge and other surcharges | 2,375 | 1,164 |
| Gain on disposal of available-for-sale investments, net | 267,201 | – |
| Gain on disposal of subsidiaries, net | – | 151,005 |
| Gain on disposal of an associate | 114,958 | – |
| Gain on deemed disposal of an associate | 9,954 | 705 |
| Gain on deemed disposal of a joint venture | 2,441 | 1,140 |
| Forfeited income (<i>note b</i>) | – | 150,000 |
| Foreign exchange differences, net | 7,683 | 2,013 |
| Others | 12,760 | 2,788 |
| | <u>497,320</u> | <u>327,594</u> |

Notes:

- (a) The gross proceeds from sale of investments at fair value through profit or loss for the year were approximately HK\$490,603,000 (2017: HK\$639,766,000).
- (b) The recognition of forfeited income was in relation to a proposed disposal of the entire interest in a wholly-owned subsidiary of the Company (the “Proposed Disposal”). Conditions precedent to the sale and purchase agreement in relation to the Proposed Disposal became incapable of being fulfilled and the Proposed Disposal lapsed. Accordingly, the Group recognised a forfeited income of HK\$150,000,000 during the year ended 31 March 2017.

5. PROFIT BEFORE TAX

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

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Depreciation | 4,759 | 945 |
| Employee benefit expenses (excluding directors' remuneration): | | |
| Salaries and allowances | 44,615 | 19,029 |
| Retirement benefit scheme contributions (defined contribution scheme) (<i>note a</i>) | <u>1,052</u> | <u>466</u> |
| | <u>45,667</u> | <u>19,495</u> |
| | | |
| Auditor's remuneration | 2,800 | 2,000 |
| Minimum lease payments under operating leases | 33,954 | 16,810 |
| Gain on disposal of an associate (<i>note b</i>) | (114,958) | – |
| Deemed gains on changes in shareholding interests in an associate and a joint venture (<i>note b</i>) | (12,395) | (1,845) |
| Gain on disposal of available-for-sale investments, net (<i>note b</i>) | (267,201) | – |
| Provision for impairment loss of loans receivable | 320,000 | – |
| Provision for impairment loss of accounts receivable | 135,417 | – |
| Loss on disposal of items of property, plant and equipment | – | 559 |
| Gain on disposal of subsidiaries, net (<i>note b</i>) | <u>–</u> | <u>(151,005)</u> |

Notes:

- (a) At 31 March 2018, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit scheme in future years (2017: Nil).
- (b) These gains are included in "Other income and gains, net" for the years ended 31 March 2018 and 31 March 2017 in the consolidated statement of profit or loss.

6. FINANCE COSTS

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--------------------------------|-------------------------|-------------------------|
| Interests on borrowings | 82,872 | 29,920 |
| Interests on convertible bonds | <u>124,207</u> | <u>–</u> |
| | <u>207,079</u> | <u>29,920</u> |

7. INCOME TAX EXPENSE/(CREDIT)

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Current | | |
| Charge for the year | | |
| – Hong Kong | 12,226 | 1,924 |
| – the PRC | 6,012 | 318 |
| Under/(over) provision in prior years | 2,869 | (8,317) |
| Deferred | <u>255</u> | <u>(3,938)</u> |
| Total tax expense/(credit) for the year | <u>21,362</u> | <u>(10,013)</u> |

No tax charge attributable to an associate is shared for the year ended 31 March 2018 (2017: HK\$289,000) and share of tax charge attributable to a joint venture amounting to HK\$1,282,000 (2017: HK\$1,129,000) is included in “Share of profits and losses of an associate and a joint venture, net” in the consolidated statement of profit or loss for the year ended 31 March 2018.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$269,894,000 (2017: HK\$418,208,000), and the weighted average number of ordinary shares of 15,373,564,672 (2017: 14,324,137,300) in issue during the year.

The calculation of weighted average number of ordinary shares at the end of the reporting period is as follows:

| | 2018 | 2017 |
|--|------------------------------|------------------------------|
| Number of shares | | |
| Issued ordinary shares at 1 April | 14,324,137,300 | 14,324,137,300 |
| Effect of warrants exercised | 1,063,527,569 | – |
| Effect of shares repurchased and cancelled | (14,753,863) | – |
| Effect of conversion of the convertible bonds | 653,666 | – |
| | <hr/> | <hr/> |
| Weighted average number of ordinary shares at 31 March | <u>15,373,564,672</u> | <u>14,324,137,300</u> |

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$269,894,000 (2017: HK\$418,208,000) and the weighted average number of ordinary shares of 15,660,949,852 shares (2017: 14,335,328,776 shares), calculated as follows:

i) Profit attributable to ordinary equity holders of the Company (diluted)

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Profit attributable to ordinary equity holders | 269,894 | 418,208 |
| After tax effect of effective interest on the liability component of the convertible bonds (<i>note</i>) | – | – |
| | <hr/> | <hr/> |
| Profit attributable to ordinary equity holders (diluted) | <u>269,894</u> | <u>418,208</u> |

10. ACCOUNTS RECEIVABLE

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Accounts receivable arising from the ordinary course of business of: | | |
| – Dealing in securities: | | |
| Margin clients | 592,063 | 215,708 |
| Clearing houses | 58,027 | 5,963 |
| Brokers | – | 906 |
| – Insurance brokerage business | 578 | 7,541 |
| – Futures brokerage business | 6,622 | 186 |
| – Financial guarantee business | 24,432 | – |
| | <u>681,722</u> | <u>230,304</u> |
| Less: Provision for impairment loss | <u>(135,417)</u> | <u>–</u> |
| | <u>546,305</u> | <u>230,304</u> |

The settlement terms of accounts receivable attributable to the dealing in securities transactions are two days after the trade date except for the balances with margin clients and cash clients which are repayable on demand. The trading terms with customers of the insurance brokerage business are mainly on credit. The credit period for customers of the insurance brokerage business is generally 30 days, extending up to 90 days for major customers. The settlement terms of accounts receivable attributable to dealing in futures transactions and financial guarantee business are repayable on demand and generally up to 12 months, respectively.

An aging analysis of the accounts receivable as at the end of the reporting period, based on the trade date, is as follows:

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|------------------------|-------------------------|-------------------------|
| Within 90 days | 681,641 | 230,304 |
| Between 91 to 180 days | 81 | – |
| | <u>681,722</u> | <u>230,304</u> |

11. LOANS RECEIVABLE

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|-------------------------------------|--------------------------------|-------------------------|
| Loans receivable | 1,586,824 | 226,899 |
| Less: Provision for impairment loss | (320,000) | – |
| | <u>1,266,824</u> | <u>226,899</u> |

Loans receivable represented receivables arising from the provision of finance business of the Group, and bear interest at rates ranging from 12% to 24% per annum (2017: 12% to 13% per annum).

As at 31 March 2018, all of the loans receivable were unsecured. As at 31 March 2017, all of the loans receivable were secured by personal guarantee given by an independent third party.

An aging analysis of loans receivable, determined based on the age of the loans receivable since the effective drawn down date of the loans, as at the end of the reporting period is as follows:

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|------------------------------|--------------------------------|-------------------------|
| Within 90 days | 512,308 | 203,707 |
| Between 91 to 180 days | 194,692 | 23,192 |
| Between 181 days to one year | 879,824 | – |
| | <u>1,586,824</u> | <u>226,899</u> |

12. FINANCE LEASE RECEIVABLES

| | Minimum lease payments receivable | | Present value of minimum lease payments receivable | |
|--|-----------------------------------|-------------------------|--|-------------------------|
| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
| Finance lease receivables comprise: | | | | |
| Within one year | 334,921 | 10,946 | 301,709 | 9,649 |
| In more than one year but not more than two years | 268,550 | 3,599 | 247,763 | 3,500 |
| | 603,471 | 14,545 | 549,472 | 13,149 |
| Less: Unearned finance lease income | (53,999) | (1,396) | – | – |
| Present value of minimum lease payments receivable | 549,472 | 13,149 | 549,472 | 13,149 |

13. FACTORING RECEIVABLES

An aging analysis of factoring receivables, determined based on the age of the factoring receivables since the effective drawn down date of the loans, as at the end of the reporting period is as follows:

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|-------------------------------|-------------------------|-------------------------|
| Within 90 days | 213,660 | 110,494 |
| Between 91 to 180 days | 62,474 | 95,037 |
| Between 181 days to one year | 22,490 | 63,140 |
| Over one year | 24,990 | – |
| Neither past due nor impaired | 323,614 | 268,671 |

14. NOTES RECEIVABLE

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Notes receivable | 600,000 | 1,200,000 |
| Less: balances due within one year included in current assets | <u>(600,000)</u> | <u>(800,000)</u> |
| Non-current portion | <u> -</u> | <u>400,000</u> |

As at 31 March 2018, balance represented a promissory note in relation to the disposal of an available-for-sale investment of the Group. The promissory note is with principal amount of HK\$600,000,000 with zero coupon and repayable in August 2018. Subsequent to the end of the reporting period, in April 2018, the Group entered into an agreement with the issuer of the promissory note (the “Purchaser”) that the Purchaser agreed to allot and issue new shares to the Group, representing approximately 23.94% of the total issued share capital of the Purchaser, at a consideration of HK\$600,000,000 and the Group agreed to return the promissory note to the Purchaser for cancellation of the promissory note.

As at 31 March 2017, balance represented three promissory notes in relation to the disposal of a wholly-owned subsidiary of the Company. These promissory notes were with principal amount of HK\$400,000,000 each, bore interest at 5% per annum and were repayable in June 2017, December 2017 and June 2018, respectively. These promissory notes were fully settled during the year ended 31 March 2018.

15. ACCOUNTS PAYABLE

The balances as at 31 March 2018, based on the trade date, were all aged within 90 days (31 March 2017: 90 days).

16. ACQUISITION OF SUBSIDIARIES

On 13 December 2016, the Group entered into a share purchase agreement (the “SPA”) with the sellers to acquire 67.1% equity interest in Wins Finance Holdings Inc. (“Wins Finance”). The shares of Wins Finance are listed on The NASDAQ Stock Market LLC. Wins Finance and its subsidiaries (collectively referred to as “Wins Finance Group”) are principally engaged in the provision of financial guarantee and finance leasing services in the PRC. The Group acquired Wins Finance Group to extend its financial services business in the PRC. Pursuant to the SPA, the consideration amounted to US\$260 million, and was settled by promissory notes with different maturity dates.

Goodwill of approximately HK\$659.2 million was arising on acquisition of Wins Finance which is calculated based on a business valuation report on the cash generating units attributable to the financial guarantee and finance leasing businesses in the PRC prepared by an independent qualified professional valuer.

FINAL DIVIDEND

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

BUSINESS REVIEW

The Group's consolidated net profit for the year was HK\$303.0 million (2017: HK\$418.2 million). The consolidated net assets of the Group increased from HK\$3,465.8 million as at 31 March 2017 to HK\$5,011.4 million as at 31 March 2018. The consolidated net profit was mainly attributable to (i) net realised gain of investments at fair value through profit or loss of HK\$58.5 million; (ii) net unrealised gain of investments at fair value through profit or loss of HK\$25.4 million; (iii) share of profits of an associate of HK\$156.7 million; (iv) gain on disposal of available-for-sale investments of HK\$267.2 million; and (v) finance costs of HK\$207.1 million.

First Warrants and Second Warrants

As at 31 March 2017, the Company has 1,376,551,640 First Warrants and 688,275,820 Second Warrants outstanding. As a result of the issue of the Convertible Notes in March 2016, the First Subscription Price of the First Warrants was adjusted from HK\$0.43 per Share to HK\$0.382 per Share and the Second Subscription Price of the Second Warrants was adjusted from HK\$0.55 per Share to HK\$0.489 per Share.

In June 2017, all First Warrants were exercised by the warrant holders and 1,376,551,640 Shares were issued. The net proceeds from the issue of Shares upon exercise of First Warrants of approximately HK\$510 million have been utilised as intended for additional funding to Freeman Securities Limited ("FSL", an indirect wholly-owned subsidiary of the Company principally engaged in securities brokerage, placing, underwriting, margin financing, investment holding and trading of securities) for business expansion, securities trading and money lending businesses.

In July 2017, all Second Warrants expired and lapsed.

Details in relation to placing of unlisted warrants under specific mandates and the placing of convertible notes under specific mandate and the capitalised terms in the above paragraphs were set out in the Company's circulars dated 9 June 2015 and 24 February 2016, respectively.

Acquisition of Wins Finance Holdings Inc.

In December 2016, the Group entered into the Share Purchase Agreement with the Seller Parties, pursuant to which the Group conditionally agreed to purchase and the Sellers conditionally agreed to sell, 67.1% equity interest in Wins Finance Holdings Inc. (“Wins Finance”) at a consideration of the lower of (i) US\$260,000,000; or (ii) the adjusted purchase price (the “Acquisition of Wins Finance”) aiming to extend its financial services business in China. Wins Finance is an integrated financing solution provider with operations located primarily in China. Wins Finance is listed on NASDAQ. The principal business operations of Wins Finance include (i) facilitating the financing opportunities of enterprises by acting as a guarantor to secure credit facilities from lending banks and other financial institutions; (ii) providing direct equipment leasing or purchase-lease back services to enterprises, to satisfy their working capital needs; and (iii) providing financial advisory services. The Acquisition of Wins Finance was completed in August 2017. Goodwill of approximately HK\$659.2 million was arising from the Acquisition of Wins Finance.

In April 2017, Wins Finance and certain of its executive officers were named as defendants in two civil securities lawsuits recently filed in two U.S. District Courts (the “First Lawsuit” and the “Second Lawsuit”, collectively referred to as the “Lawsuits”). Both Lawsuits were putative class action lawsuits where plaintiffs’ counsels were seeking to represent the entire class of shareholders who acquired Wins Finance’s securities between 29 October 2015 and 29 March 2017. Both Lawsuits asserted the same statutory violations under the U.S. Securities Exchange Act, alleging, in sum and substance, that the defendants made false and misleading statements, or failed to disclose material facts, in Wins Finance’s prospectuses, press releases, and filings with the U.S. Securities and Exchange Commission in connection with its growth, business prospects and the adequacy of its internal controls. The Lawsuits further alleged that Wins Finance’s stock price fell when the alleged misstatements or omissions became known to investors. The plaintiffs were seeking unspecified monetary damages, including interest, costs and attorneys’ fees and other relief as the court deemed just.

In July 2017, the plaintiff in the First Lawsuit filed a notice of voluntary discontinuance and the court subsequently terminated the First Lawsuit. In June 2017, the court issued an order appointing lead plaintiffs and lead counsel for the Second Lawsuit.

In August 2017, lead plaintiffs in the Second Lawsuit filed an amended class action complaint. The amended complaint alleged claims against Wins Finance for securities fraud purportedly arising from alleged misrepresentations concerning its principal executive offices (which alleged misrepresentations resulted in Wins Finance being added to, and then removed from, the Russell 2000 index).

In October 2017, Wins Finance moved to dismiss the amended complaint for failure to state a claim as against it. In March 2018, the court issued an order to deny Wins Finance's motion to dismiss. Thus, the Second Lawsuit will proceed to the fact gathering stage. In June 2018, counsel for the parties appeared before the court for an initial scheduling conference and the court will enter an appropriate schedule for discovery and additional motions. As at the date of this announcement, there was no material progress on the Lawsuits and the Group believes that the Lawsuits are without merit and Wins Finance is vigorously defending these Lawsuits. In light of the preliminary procedure posture of the action, the possible outcome of the Second Lawsuit was uncertain.

Details in relation to the Acquisition of Wins Finance and the capitalised terms in the above paragraphs were set out and defined in the circular dated 26 June 2017.

Repurchase of shares under share repurchase mandate

In December 2017, the Company repurchased an aggregate of 55,640,000 ordinary shares of HK\$0.001 each in the share capital of the Company (the "Repurchased Share(s)") under the share repurchase mandate granted by the shareholders of the Company (the "Shareholders") on 5 September 2017 at a price range from HK\$0.435 to HK\$0.500 per Repurchased Share (the "Share Repurchase"). The Repurchased Shares represented approximately 0.35% of the then total issued shares of the Company (the "Share(s)") of 15,700,688,940 Shares before the Share Repurchase. Subsequently in January 2018, all Repurchased Shares were cancelled and the total issued shares of the Company were 15,645,048,940 Shares.

Issue of secured convertible bonds under general mandates

In June 2017, the Company entered into a subscription agreement with a subsidiary of China Huarong Asset Management Co., Ltd. (the "First Subscriber", whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 2799) in relation to the subscription of the convertible bonds of the Company under general mandate for 1,835,294,118 conversion shares at conversion price of HK\$0.425 per conversion share (the "First Subscription"). The gross proceeds from the First Subscription amounted to approximately HK\$780 million. The convertible bonds in the principal amount of US\$100 million, carried interest at 4% per annum and secured by 30% equity interest in Wins Finance held by the Group were issued by the Company to the First Subscriber in June 2017 (the "First Convertible Bonds").

In August 2017, the Company entered into another subscription agreement with a wholly-owned subsidiary of Huarong Investment Stock Corporation Limited (the "Second Subscriber", whose shares are listed on the main board of the Stock Exchange, stock code: 2277) in relation to the subscription of the convertible bonds of the Company under general mandate for 1,028,235,294 conversion shares at conversion price of HK\$0.425 per conversion share (the "Second Subscription"). The gross proceeds from the Second Subscription amounted to HK\$437 million. The convertible bonds in the principal amount of HK\$437 million, carried interest at 4% per annum and secured by 15% equity interest in the Securities Company (as defined below) were issued by the Company to the Second Subscriber in September 2017 (the "Second Convertible Bonds"). The net proceeds of the First Subscription and the Second Subscription of approximately HK\$779 million and HK\$436 million respectively have been utilised as intended for additional funding to FSL for business expansion, money lending business and other general working capital of the Group.

In March 2018, US\$1 million conversion rights attaching to the First Convertible Bonds were exercised and 18,352,941 Shares were issued. As at 31 March 2018, the Company's total issued shares were 15,663,401,881 Shares.

In May 2018, HK\$7.8 million conversion rights attaching to the Second Convertible Bonds were exercised and 18,360,000 Shares were issued. As at the date of this announcement, the Company's total issued shares were 15,681,761,881 Shares.

Details in relation to the issue of the First Convertible Bonds and the Second Convertible Bonds in the above paragraphs were set out in the announcements of the Company dated 6 June 2017, 15 June 2017, 24 August 2017 and 12 September 2017.

Disposal of an available-for-sale investment

In June 2017 (before the Distribution (as defined below)), the Group subscribed certain issued shares of Entity A at a consideration of HK\$123.5 million, representing approximately 1.57% equity interest in Entity A. Further in September 2017, Freewill Holdings Limited ("Freewill", a company incorporated in the Republic of the Marshall Islands with limited liability, is principally engaged in investment holding and is a then-associate of the Group) declared distribution in specie of all its shares of Entity A (representing approximately 25.45% equity interest in Entity A) as dividend to its existing shareholders on a pro-rata basis (the "Distribution"). One existing shareholder of Freewill decided not to participate in the Distribution. The Group (one of the existing shareholders of Freewill) was entitled to receive shares of Entity A representing approximately 9.00% equity interest in Entity A. This 9.00% equity interest in Entity A was reclassified from investment in an associate to available-for-sale investments. Upon completion of the Distribution, the Group held an aggregate of approximately 10.57% equity interest in Entity A and it was recorded as available-for-sale investments.

In February 2018, the Group, being the beneficial owner of 128,191,089 ordinary shares of no par value issued by Entity A (the "Sale Shares"), entered into a conditional agreement with a purchaser, pursuant to which the purchaser has conditionally agreed to acquire and the Group has conditionally agreed to sell the Sale Shares, representing an aggregate of approximately 10.57% of issued share capital of Entity A, at HK\$750 million ("Entity A Disposal"). The gain from Entity A Disposal amounted to approximately HK\$265.5 million and was accounted for in the profit or loss of the Group during the year.

Entity A and its subsidiaries are principally engaged in integrated financial services, securities brokerage services, money lending, securities and other direct investments.

Details in relation to Entity A Disposal and the capitalised terms in the above paragraphs were set out in the announcements of the Company dated 7 February 2018 and 9 February 2018.

Disposal of an associate

In February 2018, the Group, being the beneficial owner of approximately 35.37% of the issued share capital of Freewill (“Freewill Sale Shares”), entered into a sale and purchase agreement with a purchaser, pursuant to which the Group has conditionally agreed to sell and the purchaser has conditionally agreed to purchase, or procure its nominee to purchase, Freewill Sale Shares at HK\$200 million (“Freewill Disposal”). Subsequent to the completion of Freewill Disposal, Freewill ceased to be an associate of the Group. The gain from Freewill Disposal amounted to approximately HK\$115.0 million and was accounted for in the profit or loss for the Group during the year.

Letter of Intent in relation to a possible investment

In February 2018, the Company entered into the Letter of Intent with Meson. Pursuant to the Letter of Intent, Meson is considering the Possible Investment in the Cayman Company. The Possible Investment may be carried out by way of acquisition of the Cayman Company’s shares indirectly held by the Company and/or subscription of new shares to be issued by the Cayman Company through capital injection. Upon completion of the Possible Investment, Meson will own a majority stake in the Cayman Company.

Pursuant to the Letter of Intent, Meson estimates that the valuation of the Cayman Company is HK\$3 billion and the final consideration to be payable by Meson for the Possible Investment, if materialised, will be further negotiated and determined with reference to the valuation report to be issued by an independent valuer.

Meson is a company incorporated in the People’s Republic of China (the “PRC”) with limited liability, the shares of which are listed on Shenzhen Stock Exchange (stock code: 002647.SZ). Meson is principally engaged in the provision of information services such as information system integration, information technology consulting, data processing, information storage, and other services. Meson also operates industrial investments, asset management and other businesses.

As at the date of the Letter of Intent, Mr. Zhang Yongdong (“Mr. Zhang”), a substantial shareholder of the Company who held approximately 24.36% of the issued share capital of the Company, also held approximately 20.50% of the issued share capital of Meson.

In May 2018, the Company entered into the Termination Agreement with Meson. Pursuant to the Termination Agreement, the Letter of Intent ceased to have any effect and none of the parties to the Letter of Intent will have any claim against the other for costs, damages, compensation or otherwise.

Details in relation to the Letter of Intent, the termination of the Letter of Intent and the capitalised terms in the above paragraphs were set out in the announcements of the Company dated 22 February 2018 and 18 May 2018.

Available-for-sale investments

As at 31 March 2018, the Group recorded non-current available-for-sale investments of approximately HK\$667.4 million (31 March 2017: HK\$663.5 million), representing (i) an unlisted equity investment with 15% equity interest in Shengang Securities Company Limited (the “Securities Company”), a full-licensed securities company in China (Shanghai) Pilot Free Trade Zone of the Closer Economic Partnership Arrangement between Mainland China and Hong Kong of approximately HK\$631.7 million (31 March 2017: HK\$631.7 million); and (ii) listed securities of The Philippine Stock Exchange, Inc. (“PSE”, whose shares are listed on The Philippine Stock Exchange, Inc., symbol: PSE) with a carrying amount of HK\$35.8 million, representing 1.2% of PSE’s total issued shares.

As at 31 March 2017, the Group also recorded unlisted but quoted investment fund in Hong Kong of approximately HK\$31.8 million (31 March 2018: Nil). During the year, the Group realised this investment with a carrying value of HK\$33.3 million for aggregate gross proceeds of HK\$35.0 million, resulting in a gain on disposal of available-for-sale investments of HK\$1.7 million for the year.

(i) Securities Company

The commencement of business by the Securities Company in October 2016 was a new milestone for the Group in the business development of its financial services in China. Based on the audited financial statements of the Securities Company for the financial year ended 31 December 2017, the Securities Company recorded revenue of approximately Renminbi (“RMB”) 327 million (equivalent to approximately HK\$409 million), profit for the year of approximately RMB13 million (equivalent to approximately HK\$17 million) and net assets of approximately RMB3,480 million (equivalent to approximately HK\$4,353 million). As at the date of this announcement, the Securities Company did not have material impact on the earnings of the Group.

(ii) PSE

PSE and its subsidiaries are principally engaged in the provision of trading, clearing, depository and information services for the equity market in the Philippines. The stock price of the listed securities of PSE as at 31 March 2018 amounted to Philippines Peso (“PHP”) 237.8 (equivalent to approximately HK\$35.8) per share. Based on the annual report of PSE for the financial year ended 31 December 2017, PSE and its subsidiaries recorded revenue of approximately PHP1,226 million (equivalent to approximately HK\$184 million), profit for the year of approximately PHP828 million (equivalent to approximately HK\$125 million) and net assets of approximately PHP3,332 million (equivalent to approximately HK\$501 million). As at the date of this announcement, PSE did not have material impact on the earnings of the Group.

As at 31 March 2018, the Group also recorded available-for-sale investments (classified under current assets), representing wealth management products from financial institutions in the PRC which were not yet due nor early redeemed as at the end of the reporting period of HK\$1,833.2 million (31 March 2017: Nil).

The proprietary team of the Group would continue to closely monitor the Group's investment in available-for-sale investments for potential dividend returns and capital appreciations to enhance values to the Shareholders.

Investments at fair value through profit or loss

The Group considers trading of securities as one of its core business and the Group would continue to take attentive approach on its future investments. The proprietary team of the Group would continue to closely monitor the Group's investment at fair value through profit or loss for potential dividend returns and capital appreciations to enhance values to the Shareholders.

As at 31 March 2018, the Group held investments at fair value through profit or loss of HK\$408.5 million (31 March 2017: HK\$362.1 million), representing 8.2% (31 March 2017: 10.4%) of the Group's net assets of HK\$5,011.4 million (31 March 2017: HK\$3,465.8 million). The Group held a diversified portfolio of listed investments throughout the year. As at 31 March 2018, the Group mainly held listed securities of China All Access (Holdings) Limited ("All Access", whose shares are listed on the main board of the Stock Exchange, stock code: 633) with a carrying value of HK\$407.3 million, representing 8.1% of Group's net assets and 8.1% of All Access's total issued shares. The stock price of the listed securities of All Access increased from HK\$2.30 per share as at 1 April 2017 to HK\$2.50 per share as at 31 March 2018. Based on the annual report of All Access for the financial year ended 31 December 2017, All Access and its subsidiaries recorded revenue of approximately RMB2,688 million (equivalent to approximately HK\$3,362 million), profit for the year of approximately RMB232 million (equivalent to approximately HK\$290 million) and net assets of approximately RMB3,991 million (equivalent to approximately HK\$4,992 million).

As at 31 March 2017, the Group mainly held listed securities of All Access with a carrying value of HK\$356.1 million, representing approximately 10.3% of the Group's net assets and approximately 8.1% of All Access's total issued shares. The stock price of the listed securities of All Access dropped from HK\$2.65 per share as at 1 April 2016 to HK\$2.30 per share as at 31 March 2017. Based on the annual report of All Access for the financial year ended 31 December 2016, All Access and its subsidiaries recorded revenue of approximately RMB3,072 million (equivalent to approximately HK\$3,466 million), profit for the year of approximately RMB231 million (equivalent to approximately HK\$261 million) and net assets of approximately RMB3,875 million (equivalent to approximately HK\$4,371 million).

All Access and its subsidiaries are principally engaged in the provision of communication application solutions and services and investment activities.

Other listed investments are individually carrying at value less than 5% of the Group's net assets as at 31 March 2018 and 31 March 2017.

The Group recorded net unrealised gains of investments at fair value through profit or loss of HK\$25.4 million (2017: HK\$193.8 million) for the year, of which included net unrealised gains of HK\$30.7 million (2017: net unrealised losses of HK\$74.2 million) for investments in listed securities of All Access for the year.

The Group would realise its investment in listed securities with reference to the stock market volatility and general trading sentiment. The proceeds from disposal would be applied towards expansion of the Group's existing business lines and general working capital purposes. The Group realised its investments in listed securities with a carrying value of HK\$432.1 million for aggregate gross proceeds of HK\$490.6 million, resulting net realised gains of investments at fair value through profit or loss of HK\$58.5 million for the current year, of which included disposals of listed securities of All Access at gross proceeds of HK\$7.8 million and net realised losses of HK\$39.9 million were recorded for the year.

For the year ended 31 March 2017, the Group also realised its investments in listed securities with carrying value of HK\$691.7 million for aggregate gross proceeds of HK\$639.8 million, resulting net realised losses of investments at fair value through profit or loss of HK\$51.9 million.

FINANCIAL REVIEW

The Group resulted a gross profit for the year of HK\$490.4 million (2017: HK\$69.2 million). It was mainly due to the net realised gains from the sale of investments at fair value through profit or loss of approximately HK\$58.5 million (2017: net realised losses of HK\$51.9 million). Dividend income from investments at fair value through profit or loss decreased by approximately 83.9% to HK\$5.3 million as compared to HK\$33.0 million in 2017, which is mainly due to less dividends were received by the Group from listed securities. Interest income from provision of finance significantly increased by approximately 1,423.0% to HK\$225.4 million as compared to HK\$14.8 million in 2017 as the Group diversified its loan portfolio to more new customers during the year. The Group recorded provision for impairment loss of loans receivable of HK\$320.0 million (2017: Nil) and provision for impairment loss of accounts receivable of HK\$135.4 million (2017: Nil) as the Directors are of the view that the collection of certain loans receivable and accounts receivable were not probable. Insurance brokerage income significantly decreased by approximately 76.7% to HK\$8.4 million as compared to HK\$36.1 million in 2017 as the insurance brokerage segment was still exploring market opportunities. Corporate finance advisory fee of HK\$0.1 million was recorded for the year (2017: Nil) as a result of competitive market of the industry. Income from securities and futures brokerage, placing, underwriting and margin financing services was HK\$139.5 million, representing an increase of approximately 100.4% as compared to HK\$69.6 million in 2017, as a result of more margin financing income from more new customers benefited from more corporate promotions and seminars carried out during the year.

As a result of the acquisition of subsidiaries principally engaged in factoring, finance leasing and financial guarantee services during the year, the Group recorded a significant increase of approximately 859.1% in commission and fees from financial guarantee services, factoring interest income and finance lease interest income of approximately HK\$63.3 million for the year (2017: HK\$6.6 million).

Other income and gains increased to HK\$497.3 million for the year (2017: HK\$327.6 million), which was mainly represented by net gains on disposal of an associate and available-for-sale investments of HK\$115.0 million and HK\$267.2 million, respectively. No such gains were recorded in 2017 but a net gain on disposal of subsidiaries of HK\$151.0 million and a forfeited income of HK\$150.0 million in relation to a proposed disposal of the entire interest in a wholly-owned subsidiary of the Company in 2016 was recorded in 2017. The Group recorded a net unrealised gain on investments at fair value through profit or loss of HK\$25.4 million for the year (2017: HK\$193.8 million). The Group shared profits of HK\$156.7 million from an associate for the year (2017: losses of HK\$33.5 million) and also shared profits of HK\$4.2 million from a joint venture for the year (2017: HK\$5.7 million).

Cost saving is a continuous aim in monitoring daily operations by the Group. This year, general and administrative expenses amounted to HK\$187.2 million, representing an increase of approximately 50.0% as compared to HK\$124.8 million in 2017 which was mainly due to an increase in total number of employees and an increase in operating lease payments of new office premises. Total employee benefit expenses amounted to approximately HK\$45.7 million (2017: HK\$19.5 million) and operating lease payments amounted to HK\$34.0 million (2017: HK\$16.8 million) were incurred for the year. Finance costs increased by approximately 592.6% to HK\$207.1 million as compared to HK\$29.9 million in 2017, as more external borrowings were obtained during the year. Income tax expense increased to HK\$21.4 million for the year (2017: credit of HK\$10.0 million) which mainly represented the provision for income tax charged on financial services businesses in Hong Kong and China for the year.

Net profit attributable to Shareholders for the year was HK\$269.9 million (2017: HK\$418.2 million). Basic earnings per share was HK1.76 cents (2017: HK2.92 cents) and diluted earnings per share was HK1.72 cents (2017: HK2.92 cents).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2018, net current assets of the Group amounted to HK\$5,865.4 million (31 March 2017: HK\$2,308.9 million) with cash and bank balances of HK\$1,302.2 million (31 March 2017: HK\$614.9 million) and the current ratio (current assets/current liabilities) was 7.1 (31 March 2017: 10.7). The Group had secured borrowings of HK\$1,907.8 million (31 March 2017: HK\$902.0 million), unsecured borrowings of HK\$173.0 million (31 March 2017: HK\$30.0 million) and convertible bonds of HK\$1,025.4 million (31 March 2017: Nil). Gearing ratio, calculated on the basis of the Group's interest-bearing borrowings and convertible bonds divided by the equity attributable to owners of the Company was 72.2% (31 March 2017: 26.9%). The borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong Interbank Offered Rate ("HIBOR"), Hong Kong Dollar Prime Rate or lender's costs of funds were made in Hong Kong dollar and United States dollar. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollar and United States dollar. As Hong Kong dollar is pegged to United States dollar, the foreign exchange risk exposures are considered limited. The Group did not have any financial instruments used for hedging purpose.

The Group had no material capital commitments contracted but not provided for the acquisition of property, plant and equipment as at 31 March 2018 (31 March 2017: HK\$5.3 million). In light of the amount of liquid assets on hand and banking facilities available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements. The Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2018, the Group had shareholders' funds of HK\$4,303.7 million (31 March 2017: HK\$3,465.8 million).

During the current year, the Company raised net proceeds from the issue of convertible bonds and new shares for approximately HK\$1,215 million and HK\$510 million respectively which have been utilised as intended for additional funding for FSL for business expansion, securities trading and money lending businesses, and other working capital of the Group.

In January 2018, the Company renewed a loan facility of HK\$200 million with interest bearing at HIBOR plus 4.5% per annum, repayable in January 2019, secured by certain investments at fair value through profit or loss and personal guarantee given by Mr. Zhang. In February 2018, the Company also obtained an unsecured banking facility of HK\$93 million with interest bearing at Hong Kong Dollar Prime Rate plus 3.0% per annum and repayable by instalments in three years.

In March 2018, the Company issued two notes payable with principal amounts of approximately HK\$235 million (equivalent to US\$30 million) ("Note A") and approximately HK\$548 million (equivalent to US\$70 million) ("Note B" and collectively with Note A referred to as the "Notes"). The Notes bear interest at 7% per annum and were secured by (i) certain shares in the capital of a wholly-owned subsidiary of the Company; (ii) approximately 7.26% equity interest of Wins Finance held by the Group; (iii) certain Shares held by Mr. Zhang; and (iv) personal guarantees given by Mr. Zhang and his spouse. Note A was repayable in March 2019 and Note B was repayable in March 2020.

PLEDGE OF ASSETS

As at 31 March 2018, bank borrowings of HK\$157.0 million (31 March 2017: HK\$200.0 million) were secured by certain investments at fair value through profit or loss held by the Group with an aggregate carrying value of HK\$404.8 million (31 March 2017: HK\$341.5 million) and personal guarantee given by Mr. Zhang. Bank borrowings of HK\$145.5 million (equivalent to RMB116.5 million) (31 March 2017: Nil) and HK\$70.0 million (31 March 2017: Nil) were secured by bank deposits of HK\$35.2 million with a corporate guarantee given by an independent third party and charges over client's pledged securities, respectively. HK\$702.0 million (equivalent to US\$90 million) (31 March 2017: HK\$702 million, equivalent to US\$90 million) of other borrowings were secured by the shares in the capital of certain wholly-owned subsidiaries of the Company, 10% equity interest of Wins Finance held by the Group, and personal guarantees given by Mr. Zhang and his spouse. Other borrowings of HK\$50.0 million (equivalent to RMB40.0 million) (31 March 2017: Nil) were secured by certain finance lease receivables with carrying amount of HK\$33.9 million.

As at 31 March 2018, the First Convertible Bonds were secured by 30% equity interest of Wins Finance held by the Group, the Second Convertible Bonds were secured by 15% equity interest of the Securities Company held by the Group, and the Notes were secured by certain shares in the capital of a wholly-owned subsidiary of the Company, approximately 7.26% of Wins Finance held by the Group, certain Shares held by Mr. Zhang, and personal guarantees given by Mr. Zhang and his spouse.

EVENTS AFTER THE REPORTING PERIOD

In April 2018, the Group entered into an agreement with the Target Company pursuant to which the Target Company agreed to allot and issue the Consideration Shares, representing approximately 23.94% of the total issued share capital of the Target Company at a consideration of HK\$600 million and the Group agreed to procure a promissory note with principal amount of HK\$600 million to be returned to the Target Company for cancellation (the "Swap"). The Consideration Shares was classified as an available-for-sale investment.

The Target Company is a company incorporated in the British Virgin Islands with limited liability and an investment holding company. Its subsidiaries are principally engaged in trading of securities, provision of finance and holding of investment in financial services industry.

Details in relation to the Swap and the capitalised terms in the above paragraphs were set out in the Company's announcement dated 25 April 2018.

MATERIAL ACQUISITIONS/DISPOSALS

Details of material acquisitions/disposals during the year are set out in the section "Business Review".

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 March 2018. As at 31 March 2017, the Group had capital commitments of approximately HK\$5.3 million contracted but not provided for the acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

Save as disclosed elsewhere in this announcement, the amended complaint in the Second Lawsuit did not specifically allege the damages purportedly suffered by the putative class, and the Group is not yet able to provide a reliable estimate of any such damage claim. The Group had no other material contingent liabilities as at 31 March 2018 (31 March 2017: Nil).

EMPLOYEES' REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2018, the Group employed 128 staff members including directors of the Company (2017: 65 staff). Staff costs incurred for the year, including directors' remuneration, were approximately HK\$52.2 million (2017: HK\$26.0 million). It was the remuneration policy of the Group to reward its employees with reference to their qualifications, experience and work performance as well as market benchmarks. Remuneration packages, include granting of share options, were structured to motivate individual performance and contributions to the Group. The Company has adopted a share option scheme and the Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

PROSPECTS

The Group completed the Acquisition of Wins Finance in August 2017 to expand the finance leasing and factoring business, and share the growth of financial leasing industry to small and medium size enterprises in China.

In view of the recent uncertain economic outlook in global markets, the Group will continue to take attentive but sensible approach towards new investment opportunities in the financial services industry for capital appreciation and potential lucrative returns, so as to enhance the values to the Shareholders.

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

During the year, the Company repurchased some Shares on the Stock Exchange to enhance the net asset value per Share and earning per Share of the Group with a view to benefiting the Company and the Shareholders as a whole. These Repurchased Shares were subsequently cancelled by the Company. Details of these Repurchased Shares are summarised as follows:

| Month of Share repurchase | Number of Repurchased Shares | Price per Share | | Aggregate price paid <i>HK\$</i> |
|---------------------------|------------------------------|------------------------|-----------------------|-------------------------------------|
| | | Highest <i>HK\$</i> | Lowest <i>HK\$</i> | |
| December 2017 | 55,640,000 | 0.500 | 0.435 | 26,414,500.00 |

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year.

AUDIT COMMITTEE

The Company has an Audit Committee which comprises four Independent Non-executive Directors. The Audit Committee has reviewed with the management of the Company the internal control, financial reporting and auditing matters of the Group, including the consolidated financial statements of the Group for the year ended 31 March 2018.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

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

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its own code on corporate governance practices. Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions as set out in the CG Code and there have been no material deviations from the CG Code during the year:

Code Provision A.2.1 – The Company did not have a Chairman of the Board (the “Chairman”) since the resignation of Mr. Zhang in January 2017. The Board has been searching for appropriate candidate to act as the new Chairman. During the absence of a Chairman, Mr. Yang Haoying, the Chief Operating Officer of the Company has tentatively taken up the role of the Chairman. On 19 January 2018, Mr. Ye Ye (“Mr. Ye”) has been appointed as an Executive Director of the Company and the Chairman to fill the casual vacancy of the position of the Chairman. Since Mr. Ye’s appointment as the Chairman, the deviation to code provision A.2.1 was remediated.

Code Provision A.6.7 – One Independent Non-executive Director was unable to attend the annual general meeting held on 5 September 2017 and one Independent Non-executive Director was unable to attend the extraordinary general meeting held on 11 July 2017 as they had other engagements.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry with all Directors, the Company confirmed that throughout the year, all Directors have complied with the required standards set out in the Model Code.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.freeman279.com). The annual report will be despatched to the Shareholders and available on the above websites in due course.

By Order of the Board
Freeman FinTech Corporation Limited
Ye Ye
Chairman

Hong Kong, 29 June 2018

As at the date of this announcement, the Board comprises the following Directors:–

Executive Directors:

Mr. Ye Ye (*Chairman*)
Mr. Yang Haoying (*Chief Operating Officer*)
Ms. Chow Mun Yee
Mr. Zhao Tong

Independent Non-executive Directors:

Mr. An Dong
Mr. Cheung Wing Ping
Mr. Fung Tze Wa
Mr. Wu Keli