易易壹金融集團有限公司
EASY ONE FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
Stock Code: 221

Prosperous Future Together
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Annual Report 2018

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Chun Hong, Thomas
(Chairman & Managing Director)
Mr. Cheung Wai Kai
Ms. Stephanie

Independent Non-executive Directors

Mr. Sin Ka Man
Mr. Cheung Sau Wah, Joseph, *PMSM*
Mr. Wong Hung Tak, *PMSM*
(appointed on 27 November 2017)

AUDIT COMMITTEE

Mr. Sin Ka Man *(chairman)*
Mr. Cheung Sau Wah, Joseph, *PMSM*
Mr. Wong Hung Tak, *PMSM*
(appointed on 27 November 2017)

REMUNERATION COMMITTEE

Mr. Cheung Sau Wah, Joseph, *PMSM (chairman)*
Mr. Sin Ka Man
Mr. Wong Hung Tak, *PMSM*
(appointed on 27 November 2017)
Mr. Chan Chun Hong, Thomas
Mr. Cheung Wai Kai

NOMINATION COMMITTEE

Mr. Wong Hung Tak, *PMSM (chairman)*
(appointed on 27 November 2017)
Mr. Cheung Sau Wah, Joseph, *PMSM*
Mr. Sin Ka Man
Mr. Chan Chun Hong, Thomas
Mr. Cheung Wai Kai

INVESTMENT COMMITTEE

Mr. Chan Chun Hong, Thomas *(chairman)*
Mr. Cheung Wai Kai
Mr. Cheung Sau Wah, Joseph, *PMSM*

COMPANY SECRETARY

Mr. Cheung Chin Wa, Angus

LEGAL ADVISERS

DLA Piper Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3202, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

HOMEPAGE

www.easyonefg.com

STOCK CODE

221

Dear Shareholders,

On behalf of the board of directors (the "**Board**" or the "**Director(s)**") of Easy One Financial Group Limited (the "**Company**," together with its subsidiaries, the "**Group**"), I hereby report the annual results for the year ended 31 March 2018 (the "**Financial Year**").

Driven by the improvement in the global economy and the stabilisation of the People's Republic of China (the "**PRC**") economy, the local economy in Hong Kong picked up in 2017 and thus creating opportunities for the Group. During the Financial Year, the Group has achieved significant revenue growth in its provision of finance and securities brokerage business. Despite the revenue growth and the reduced loss of an associate compared to last year, loss attributable to owners of the Company increased slightly to approximately HK$175.7 million (2017: approximately HK$168.9 million), which was mainly due to the increase in the loss on financial assets at fair value of the Group compared to last year and the one-off loss arising from deemed disposal of interests in an associate. For the Financial Year, the Group recorded a gross profit of approximately HK$149.3 million (2017: approximately HK$136.3 million). Basic loss per share was approximately HK35.82 cents (2017: loss of approximately HK36.36 cents). The Board does not recommend the payment of final dividend (2017: nil).

During the Financial Year, as the second year following the commencement of operations, the provision of finance business recorded considerable growth, demonstrating the Group's effective business transformation strategy. In the future, the Group will accelerate effort to develop finance-related business to maximize its earnings growth. The Group will maintain its positioning as a one-stop financial service provider to provide customers with comprehensive solutions.

BUSINESS DEVELOPMENT REVIEW

In 2017, global equity market recorded a positive performance in general, and Hong Kong's economic growth also improved. Local equity and property markets also showed signs of strengthening. Under such encouraging macroeconomic environment, during the Financial Year, the Group's provision of finance and securities brokerage business in Hong Kong developed rapidly, while it streamlined its property development business in the PRC in order to focus on the provision of finance and securities brokerage business. The Group continued to explore potential business opportunities to bring long-term value to the shareholders of the Company (the "**Shareholder(s)**").

Easy One Finance Limited ("**Easy One Finance**"), a wholly-owned subsidiary of the Company, commenced its provision of finance business in 2016, committing itself to developing financial services in line with the values of the Company. During the Financial Year, Easy One Finance has further expanded its branch network by setting up its third and fourth branches in Tuen Mun and Wan Chai respectively, which were strategically located in prime downtown commercial and residential areas with heavy traffic flow, facilitating the attraction of customers while providing more convenient services. In addition to physical branches, customers may also track the status of their loan approval process and access to their personal credit records on a real-time basis through the online money lending platform at 221.com.hk. In the ever-changing investment market, Easy One Securities Limited ("**Easy One Securities**"), a wholly-owned subsidiary of the Company, started to provide customers with professional securities trading services in 2016 to cater different investment needs of customers.

During the Financial Year, the Group acquired the remaining equity interest in Easy Reach (Far East) Limited ("**Easy Reach**"), its then non-wholly-owned subsidiary principally engaged in provision of finance, to expand the relevant business of the Group.

As for the property development business, the Group owned commercial property development projects in Guangdong Province and Jiangxi Province of the PRC for the Financial Year.

Provision of Finance Business

Since 2015, the Group has shifted its focus to the provision of finance business, which has developed rapidly and contributed revenue of approximately HK$79.4 million (2017: approximately HK$49.7 million) during the Financial Year, representing a significant growth of approximately 59.9%. Leveraging its strong property mortgage and personal lending business, the Group is developing the corporate loan business by providing transitional financing to improve company performance, which represents a solid step towards achieving its goal of becoming a one-stop financial service provider.

Through the extensive experiences of the management team of Easy One Finance and its flexible financial services, the Group is able to customise better investment and lending plans for its customers. As a listed company in Hong Kong with strong foundation, the Group believes that it can enhance customers' confidence through its standardized management system, high level of flexibility and transparency. In addition, the Group adopts cautious review approach and strict risk management procedures to ensure that all businesses continue to generate stable income in a sustainable manner.

Easy One Finance operates four branches in Central (opened in 2016), Mongkok (opened in 2016), Wan Chai (opened in 2017) and Tuen Mun (opened in 2017), and focusing on the mortgage loan and personal loan business. The branches are strategically located across Hong Kong Island, Kowloon and the New Territories and are in downtown commercial and residential areas around MTR stations, providing more convenient access to potential customers. Since July 2016, Easy One Finance has devoted in developing its online lending business and provide its customers with "Easy Access" and "Easy Apply" services, catering to customers' needs of seeking efficiency with convenient internet services. Entering a new era for the loan business, Easy One Finance adopts a scientific and holistic approach in handling loan applications by employing data analysis, professional experience and comprehensive consideration, in order to continue to achieve our service commitment of "Solving Difficulties, Easy One." By integrating online and branch services, it strives to attend to every detail and lending need of each customer in whatever circumstances, in fully implementing Easy One Finance's service commitment to its customers of "Easy One, Quickly Done."

Furthermore, Easy One Finance has strengthened its branding by means of advertisements and promotional campaigns, further reinforcing its reputation of "high quality assurance, with services well-managed by a listed company" amongst the public. During the Financial Year, the Group has launched various advertising, marketing and promotion campaigns to support business development and enhance competitiveness. The Company engaged Mr. Philip Keung Ho-Man, a renowned artist, to star in "Easy One Detective," a brand new campaign with its slogan "Solving Difficulties, Easy One". The campaign was broadcasted over major media platforms, including television, radio, newspapers and magazines, outdoor billboards, public transport vehicles and street roadshows. Given the growing importance of internet marketing, the Company strived to enhance its brand marketing through online advertisements and popular online figures in order to promote its online and offline lending business.

Securities Brokerage Business

Benefiting from overall positive investment environment and booming market during the last year, the securities brokerage business captured the opportunities and achieved further expansion. The Group commenced securities brokerage business in 2016, and further expanded the presence of its financial business through establishing a convenient 24-hour securities trading platform to cater to customers' different investment needs. With the leadership of a number of experienced securities professionals, the securities brokerage business maintained growth during the Financial Year and recorded an increase of over 18.5 times in total revenue to approximately HK$19.5 million (2017: approximately HK$1.0 million).

In May 2017, Easy One Securities started to provide customers with margin financing services to diversify its revenue stream, while continuing to participate as placing agent and underwriter for a number of listed companies in Hong Kong. Subsequent to the end of the Financial Year, the Securities and Futures Commission (the "**SFC**") further granted Easy One Securities a license to carry out Type 2 (dealing in futures contracts) regulated activities in April 2018.

Property Development Business

During the Financial Year, the Group held residential and commercial land reserves in two projects located in Dongguan, Guangdong Province (the "**Dongguan Project**") and Fuzhou, Jiangxi Province in the PRC, which generated revenue from sale of properties of approximately HK$101.9 million (2017: approximately HK$214.8 million).

On 18 April 2018 subsequent to the end of the Financial Year, the Group obtained the approval of the Shareholders and completed the disposal of the entire issued share capital of its project in Fuzhou, Jiangxi Province. The Group will continue to put the unsold properties under the Dongguan Project on market for sale in its ordinary and usual course of business.

PROSPECTS

Looking forward, the Group is cautiously optimistic about the prospects of the financial services market in Hong Kong. The financial environment in Hong Kong will continue to be affected by uncertainties, including geopolitical tensions, and repeated fluctuations of the international and local financial markets. However, the "Outline of the 13th Five-Year Plan of the PRC" mentioned that the PRC Government will strongly support Hong Kong in consolidating and enhancing the status as international financial centre and support Hong Kong's economic growth through policies such as the Belt and Road Initiative and CEPA. For the equity market, the launch of the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect and the resulting connection between the equity markets in China and Hong Kong, as well as the support from new systems such as The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") accepting the secondary listing of innovative industry companies including those with weighted voting right structure, are beneficial for the development of economy and financial market in Hong Kong. Given the booming Hong Kong equity market, it is expected that the Group's provision of finance and securities brokerage business in Hong Kong will record growth in the long run.

Easy One Financial Group will make progress towards becoming a diversified financial platform. With its quick, easy and convenient one-stop financial services, the Group strives to develop various financial and investment products and meet the capital needs of the public for circulation and investment. Leveraging the proven record of its money lending business and securities business and its solid financial position, the Group will continue to develop diversified business and endeavour to become a all-round financial service provider.

For property development business, the Group will take a prudent approach in its property development business for the long-term benefits of the Shareholders.

The Group will make greater efforts to improve its business network and competitiveness through prudent risk management policies. Our focus will continue to be adopting different strategies in view of market conditions, and improving overall results of operation through effective cost control and revenue stream expansion.

To cope with future growth and provide services with higher quality, the Group will continue to attract elites in the industry, with a view to maintaining the Group's market competitiveness through its strong foundation and experienced professional team. The Group combines advanced technology with traditional financial services to enable its customers to enjoy all-round one-stop financial services.

CORPORATE SOCIAL RESPONSIBILITY

As a social caring enterprise, the Group is determined to implement sustainable business development. It gives back to the community by actively participating in different charitable events, including The Community Chest Dress Casual Day and Skip Lunch Day. Moreover, the Group is pleased to provide work shadowing opportunities to students who will soon join the workforce.

In the future, the Group, as a responsible enterprise, will participate in and hold more corporate social responsibility activities, fully support the charitable cause and pay back to the society. For details regarding our environmental protection efforts and social and governance related efforts in 2017, please refer to the Environmental, Social and Governance Report of this annual report.

APPRECIATION

I would like to take this opportunity to sincerely thank the management and all employees for their hard work and contribution in the past year, as well as all business partners, customers, stakeholders and other directors for their strong support and trust. Looking forward, the Group will continue to overcome challenges, strive for greater room for development and maximize returns for the Shareholders and customers.

Chan Chun Hong, Thomas
Chairman and Managing Director

Hong Kong, 20 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the Financial Year, the Group recorded a revenue of approximately HK$200.8 million (2017: approximately HK$265.5 million), representing a decrease of approximately HK$64.7 million, of which the revenue generated from property sales in the PRC amounted to approximately HK$101.9 million (2017: approximately HK$214.8 million); revenue generated from provision of finance business in Hong Kong amounted to approximately HK$79.4 million (2017: approximately HK$49.7 million) and revenue generated from securities brokerage services in Hong Kong amounted to approximately HK$19.5 million (2017: approximately HK$1.0 million).

The Group's net loss attributable to owners of the Company for the Financial Year was approximately HK$175.7 million (2017: approximately HK$168.9 million). Despite results from provision of finance and securities brokerage services has improved and the share of loss of an associate has reduced as compared to last year, the increase in loss was mainly due to, among other things, (i) a decrease in turnover and operating profit in property development; (ii) an increase in net loss on financial assets at fair value through profit or loss; and (iii) a loss on deemed disposal of interest in an associate.

After the change of the name of the Company in 2015, the Group has focused on the development of its financing business which was proved to be a successful change by its positive results during the Financial Year.

For the Financial Year, the Group's financing business has continued to realise significant growth while the securities brokerage business has started to make profit in its second year of operation. Revenue from financing business increased to approximately HK$79.4 million (2017: approximately HK$49.7 million), representing approximately 59.9% growth. The average annual interest yield on loans as at 31 March 2018 was approximately 17% (2017: approximately 15%). Securities brokerage business generated a revenue of approximately HK$19.5 million (2017: approximately HK$1.0 million), representing a momentous increase of over 18.5 times, as a result of its full year of operation and new source of revenue from margin lending.

The Group will continue to position itself as a one-stop financial service hub which provides multi-facets solution to its customers.

CLOSURE OF REGISTER

The register of members of the Company will be closed for the following period for determining the eligibility to attend and vote at the 2018 annual general meeting of the Company:

Latest time to lodge transfer documents for registration:	4:30 p.m., 21 August 2018
Closure of register of members:	22 August 2018 to 29 August 2018 (both dates inclusive)
Record date:	21 August 2018

In order to be eligible to attend and vote at the 2018 annual general meeting of the Company, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than the latest time set out above.

DIVIDENDS

No interim dividend was paid to the Shareholders during the Financial Year (2017: Nil). The Directors did not recommend the payment of any dividend for the Financial Year (2017: Nil).

OPERATION AND BUSINESS REVIEW

During the Financial Year, the Group was principally engaged in the businesses of property development in the PRC, provision of finance in Hong Kong and securities brokerage services in Hong Kong. The Group has continued to explore different potential business opportunities and strived to strengthen its market participation in the financial sector so as to deliver long-term benefits to the Shareholders.

Property Development

As at 31 March 2018, the Group held a total of approximately 0.3 million square feet site area of residential and commercial land reserves in two projects, namely the property development project in Fuzhou (the "**Fuzhou Project**"), the PRC and the Dongguan Project. Subsequent to the end of the Financial Year, the Fuzhou Project was disposed of at an aggregate consideration of RMB1.0 million after obtaining the Shareholders' approval in a special general meeting of the Company held on 18 April 2018. Details of the disposal were disclosed in the announcement of the Company dated 15 February 2018, the circular of the Company dated 28 March 2018 and the poll results announcement of the Company dated 18 April 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

As at the date of this report, details of the Group's property development project in the PRC are as follows:

City/province	Percentage ownership/ interest	Approximate site area (square feet)	Approximate saleable area (square feet)	Development plan
Dongguan, Guangdong Province	100%	0.2 million	0.4 million	Commercial complex

Over 98% of the leasable area of the Dongguan Project was leased as at 31 March 2018. The Group's income from property leasing for the Financial Year was approximately HK$19.4 million (2017: approximately HK$14.5 million).

During the Financial Year, the Group's revenue from property sales was approximately HK$101.9 million (2017: approximately HK$214.8 million).

Provision of Finance

For the Financial Year, the revenue from money lending business reached approximately HK$79.4 million (2017: approximately HK$49.7 million) representing an increase of approximately 59.9%. As at 31 March 2018, the net balance of loan book was approximately HK$433.1 million which represents a slight reduction of approximately 6.4% as compared to approximately HK$462.6 million as at 31 March 2017. The average annual interest yield on loans as at 31 March 2018 was approximately 17% (2017: approximately 15%).

During the Financial Year, the Group opened two additional shops in Tuen Mun and Wanchai, doubled its branch network to four shops, for easier access by customers and to facilitate the provision of services. Apart from traditional branch operations, the Company has also developed an online platform for loan application processing since July 2016.

The Group will continue to focus on its brand building via advertising and promotion activities, and to expand its product portfolio and customer base to develop its "Easy Access" and "Easy Apply" services to its customers. Meanwhile, the Group will also maintain its prudent credit policy and risk management approach with a view to establish a sustainable and healthy income base for the Group.

During the Financial Year, the Group has acquired the remaining interest in a non-wholly owned subsidiary of the Company, Easy Reach, which is principally engaged in financing business, at a total consideration of HK$21.3 million for the expansion of its financing business. Details of the acquisition were disclosed in the announcement of the Company dated 24 April 2017.

Securities Brokerage Services

Easy One Securities, a wholly-owned subsidiary of the Company, was licensed by the SFC to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities in August 2016 and March 2017, respectively. Easy One Securities started its securities brokerage services in November 2016 and offered margin financing to customers since May 2017. Recently in April 2018, the SFC has approved Easy One Securities to carry out Type 2 regulated activity (dealings in future contracts). Securities brokerage commission and margin and initial public offer financing interest revenue both recorded significant increase to approximately HK$3.9 million (2017: approximately HK$0.9 million) and approximately HK$5.1 million (2017: Nil) respectively. Easy One Securities has continued to participate as placing agent and underwriter for a number of Hong Kong listed companies, in which placing and underwriting commission derived amounted to approximately HK$10.5 million (2017: approximately HK$0.1 million) for the Financial Year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 31 March 2018 were approximately HK$1,972 million (2017: approximately HK$2,003 million) which were financed by total liabilities and total equity of approximately HK$809 million (2017: approximately HK$749 million) and approximately HK$1,163 million (2017: approximately HK$1,255 million), respectively. The current ratio as at 31 March 2018 was approximately 1.8 times (2017: approximately 2.6 times).

As at 31 March 2018, the Group's aggregate bank borrowings amounted to approximately HK$214 million (2017: approximately HK$167 million), which were denominated in Hong Kong Dollars and Renminbi ("**RMB**"). The gearing ratio was calculated by reference to the Group's total borrowings net of cash and cash equivalents and the total equity of the Group. As of 31 March 2018, the gearing ratio was approximately 5.3% (2017: approximately 5.3%).

MATERIAL ACQUISITION AND SUBSCRIPTION OF RIGHTS SHARES ISSUED BY AN ASSOCIATE OF THE GROUP AND ITS FINANCIAL IMPACT

On 19 December 2017, the Company's indirect wholly-owned subsidiary, Onger Investments Limited, subscribed for 1,673,083,385 rights shares (the "**Subscription**") at HK$0.088 per rights share issued by China Agri-Products Exchange Limited ("**CAP**"), an associate of the Group and a company listed on the main board of the Stock Exchange (stock code: 149). The total consideration of approximately HK$147 million was settled by offsetting the outstanding principal amount of instruments issued by CAP of (i) approximately HK$110 million bonds issued on 28 November 2014; and (ii) approximately HK$37 million convertible notes issued on 19 October 2016. After the completion of the Subscription, the Group's equity interest in CAP remained unchanged at approximately 20.17% and a loss of approximately HK$6 million was recorded.

Details of the Subscription were disclosed in the joint announcements issued by the Company and CAP dated 4 October 2017 and 26 October 2017, respectively, and the circular issued by the Company dated 3 November 2017.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The revenue, bank deposits and operating costs of the Group are mainly denominated in Hong Kong Dollars and RMB. The Group did not enter or have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 31 March 2018. Due to the currency fluctuation of RMB, the Group had been considering alternative risk hedging tools to mitigate RMB currency exchange risk.

RISK FACTORS RELATING TO OUR INDUSTRIES AND BUSINESS OPERATIONS

The Group's principal businesses are property development in the PRC, provision of finance in Hong Kong and brokerage services for securities in Hong Kong. It is considered that the major risks and challenges which might have significant impact to the Group's financial performance and conditions include, among others: (i) credit risk of loan portfolios; (ii) fluctuation in the exchange rate of RMB against Hong Kong Dollars; (iii) obtaining adequate financing, whether equity or debt, to support its business funding needs; (iv) market risk of the Group's investment in financial assets; (v) financial performance of its interest in an associate; and (vi) impact from changes in laws and regulations, in particular those laws and regulations relating to property development and property market sectors in the PRC, financing sector and securities sector in Hong Kong.

Credit risk refers to the risk of default by our customers on loans, whether secured or unsecured, advanced. The Group has well established credit policy, collection procedures and post-loan credit review for credit risk control and monitoring.

Market risk refers to changes in market conditions which affect the valuation and financial performance of the Group's investment in listed and unlisted financial instruments. Listed investments are monitored on daily basis while unlisted investments are reviewed regularly through either valuation report from fund manager or independent third party valuation. Management and/or executive Directors evaluate investment performance and, where necessary, make appropriate investment decision.

For the Group's interest in an associate, the Group considers it as a long term strategic investment. While the associate's financial results may fluctuate, the Directors assess this investment and make investment decision according to its perceived long-term value.

Financing risk refers to the Group's ability to obtain funding to meet its operation and investment obligations. Management and the Board identify funding needs through corporate strategic and financial planning then devise action plans to obtain debt and/or equity funding. Cash flow forecast is carried out from time to time to facilitate early identification of funding needs and any liquidity issue.

Exchange rate risk of RMB refers to the impact of exchange rate fluctuation on financial performance due to the Group's holding of RMB denominated assets and liabilities. Although its impact to the Group is not significant in the recent years, the management does review the Group's exchange rate risk from time to time to determine whether protective, such as hedging, and/or corrective action is required.

DEPENDENCE OF EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group adopts market remuneration practices by reference to market terms, company performance, as well as individual qualifications and performance, with a well and organised management structure, so that no key and specific employee would materially and significantly impact the Group's businesses. Meanwhile, no major customer is accounted for more than 5% of the Group's income and no major supplier cannot be replaced by other appropriate suppliers. In this regards, no single customer nor supplier would have a material impact to the Group's businesses.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is subject to various environmental laws and regulations set by the PRC government for its property development business. Compliance procedures are in place to ensure adherence to applicable laws and regulations. During the Financial Year, the Group was in compliance, in all material respects, with the relevant laws and regulations. There is no environmental laws or regulations applicable to our financing business and securities business. The Group also provides updates to its employees in respect of any changes in applicable laws and regulations. Details of the environmental policies and performance of the Group are disclosed in the Environmental, Social and Governance Report in this annual report.

EMPLOYEES AND REMUNERATION POLICY

The Group aims to recruit, retain and develop competent individuals who are committed to the Group's long-term success and growth. Remunerations and other benefits of employees are reviewed annually in response to both market conditions and trends, and are based on qualifications, experience, responsibilities, competence, skills and performance of the relevant employees.

As at 31 March 2018, the Group had a total of 133 employees (2017: 141), in which 68 employees were based in Hong Kong and 65 employees were based in the PRC (2017: 51 employees were based in Hong Kong and 90 employees were based in the PRC).

The Group provides medical insurance and participates in the Mandatory Provident Fund Scheme for employees in Hong Kong, who are eligible to participate, and provides retirement contributions in accordance with the statutory requirements for employees in the PRC. The Group also adopts a performance-based reward system to motivate its staff and such system is reviewed on a regular basis by the management team. On 21 August 2012, the Company terminated the old share option scheme adopted on 8 October 2002 and adopted a new share option scheme (the "**Share Option Scheme**") which became effective on 21 August 2012 in compliance with Chapter 17 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. During the Financial Year, the Board has granted 17,800,000 share options under the Share Option Scheme. As at 31 March 2018, there were 17,800,000 outstanding share options under the Share Option Scheme. Details of the employee and remuneration policy of the Group are disclosed in the Environmental, Social and Governance Report in this annual report.

CONTINGENT LIABILITIES AND CHARGE ON ASSETS

As at 31 March 2018, the Group had no significant contingent liability (2017: Nil).

As at 31 March 2018, (i) stock of properties with a carrying value of approximately HK$292 million (2017: approximately HK$257 million), (ii) shares of several subsidiaries and (iii) loan receivable with carrying value of approximately HK$37 million (2017: Nil) were pledged to secure the Group's banking facilities.

CAPITAL COMMITMENT

The Group's capital commitment as at 31 March 2018 amounted to approximately HK$27.5 million (2017: approximately HK$40.6 million).

DEBT PROFILES AND FINANCIAL PLANNING

The interest-bearing debt profile of the Group as at 31 March 2018 was analysed as follows:

	Outstanding amount (HK$ million)	Approximate annual effective interest rate (per annum)	Interest charging basis	Maturity date
Loans from financial institution	213.8	2.8% to 6.2%	Floating	From June 2018 to February 2020
Loan from non-financial institution	30.0	8.0%	Floating	August 2018
Loans from related company	100.0	6.5%	Fixed	October 2018
Total	**343.8**			

In order to meet borrowing obligation and business operation funding needs, the Group had from time to time been considering various financing alternatives including but not limited to equity fund raising, financial institution borrowings, non-financial institution borrowings, bonds issuance, convertible notes, other debt financial instruments and sales of stock of properties.

FINANCIAL ASSETS INVESTMENT HELD

As at 31 March 2018, the Group had financial assets at fair value through profit or loss investment of approximately HK$131.8 million, details of which are set out as follows:

	As at 31 March 2018				For the financial year ended 31 March 2018		Fair value/ carrying amount		Investment cost
Nature of Investments	Number of shares/units held '000	Amount (HK$'million)	Percentage of shareholding in such stock %	Percentage to the Group's net assets %	Net loss on financial assets at fair value through profit or loss (HK$'million)	Dividends received (HK$'million)	As at 31 March 2018 (HK$'million)	As at 31 March 2017 (HK$'million)	As at 31 March 2018 (HK$'million)
A. Listed Investments									
Town Health International Medical Group Limited (stock code:3886)	62,500	28.0	0.830	2.407	(49.5)	0.2	28.0	77.5	19.5
Others	125	0.0	0.004	0.000	0.0	–	0.0	–	1.0
B. Mutual Funds									
Manulife Investment International Bond Fund	339	3.6	N/A	0.310	0.0	–	3.6	3.6	3.0
HongHe Venture Fund I.L.P.	N/A	3.7	N/A	0.318	0.0	–	3.7	3.7	3.9
C. Unlisted Convertible Notes									
CAP (stock code:149)	N/A	96.5	N/A	8.297	(53.8)	–	96.5	187.2	103.0
		131.8		11.332	(103.3)	0.2	131.8	272.0	130.4

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except for the subsidiaries of the Company, the Subscription and the acquisition of remaining equity interest in Easy Reach, there was no significant investments held, nor was there any material acquisition or disposal of subsidiaries during the Financial Year. As at 31 March 2018, the Group did not have a concrete plan for material investments or capital assets nor acquisition or disposal of subsidiaries except for the disposal of the Fuzhou Project which was subsequently completed in April 2018 and the details are disclosed in below and notes to the consolidated financial statements in this annual report.

EVENT AFTER THE FINANCIAL YEAR

Disposal of shares in wholly-owned subsidiaries

On 19 April 2018, the Group completed its disposal of the Fuzhou Project through disposal of the entire share capital in two indirect wholly-owned subsidiaries. The disposal constituted a very substantial disposal under the Listing Rules which required the Shareholders' approval. Such Shareholders' approval was obtained in a special general meeting of the Company held on 18 April 2018.

Details of the disposal were disclosed in the announcements issued by the Company dated 15 February 2018 and 18 April 2018, respectively and the circular issued by the Company dated 28 March 2018.

FUTURE PLANS AND PROSPECTS

Despite the market expectation of interest rate hikes in the United States and Trump's high-profile declaration of trade war against the PRC, the outlook for 2018 remains optimistic at least from Hong Kong and the PRC perspectives. Market forecast on Hong Kong's and the PRC's gross domestic product growth in 2018 will be along similar magnitude as in 2017.

Owing to Hong Kong Dollar and USD currency peg, it is expected that Hong Kong interest rate will rise albeit possibly of a slower pace. The potential impact on the economy, however, is not expected to be worrying. It will certainly create pressure on property prices but the level of price movement is difficult to gauge given the current imbalance in supply and demand of properties in Hong Kong. While the management team remains optimistic for the year ahead, the Group will monitor various economic factors, including property market development, for making corresponding adjustments in business action and strategy.

Stock market sentiment has been strong since the commencement of 2018. The average daily turnover of Hong Kong's securities market exceeded HK$146 billion for the first quarter of 2018 which almost doubled that of 2017 first quarter at approximately HK$74 billion. The Hang Seng Index (the "**HSI**") yielded 174 points, or approximately 0.6% increase, from end of December 2017 closing of 29,919 to end of March 2018 closing of 30,093. On the other hand, market volatility for the first quarter of 2018 was relatively moderate. The HSI fluctuated from 29,129 to 33,484 which was approximately within a 15% range. Effective from 30 April 2018, the Stock Exchange's new listing regime accepts application for listing from innovative new economy and biotech companies with weighted voting rights structures. This new regime is expected to further strengthen Hong Kong's position as a global stock exchange and is beneficial for the development of the Group's financial services business. Moreover, the Group's application to the SFC to carry out Type 2 regulated activity (dealing in futures contracts) was approved in April 2018. Currently, the Group is in the process of applying to become an exchange participant in the Hong Kong Futures Exchange.

For property development business, the Group's property portfolio singled down to the Dongguan Project, which consisted of a shopping mall, after the disposal of the Fuzhou Project in April 2018. The Group will continue to take actions to enhance the financial return from the Dongguan Project. From time to time there would be potential buyers approaching the Group proposing to buy up the unsold units in the Dongguan Project in one go. However, none of them materialized so far. In the meantime, the Group continues to put the unsold units (which have been put on sale since 2014) on market for sale to the end users. However, as the sale of the properties is market-driven, the amount of time required by the Group to sell all of its properties in the Dongguan Project is uncertain. In the meantime, the Group will monitor the PRC economic environment and to take a conservative approach in its property development business in the PRC.

Overall, the Group's strategy is to focus on the provision of finance and be a financial services provider. The Group will adopt a prudent risk management approach in its business development, credit provision and liquidity management. Looking ahead, the Group will continue to strive for diversification of income streams in order to align the business strategies with its corporate mission and goals with the aim to delivering a long term benefit to the Shareholders.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Chun Hong, Thomas, aged 54, joined the Group as the managing director in January 2007 and was also appointed to take up the role of the chairman of the Company in June 2008. He is also the chairman of the executive committee and the investment committee and a member of the remuneration committee and the nomination committee of the Company. He is responsible for overall strategy formulation, policy making, managing the corporate matters and overall operations of the Group. He is also the managing director of Wang On Group Limited, an executive director of Wai Yuen Tong Medicine Holdings Limited, the chairman and chief executive officer of China Agri-Products Exchange Limited and the non-executive chairman of Wang On Properties Limited, all companies are listed on the main board of the Stock Exchange. He graduated from the Hong Kong Polytechnic University with a bachelor degree in accountancy and is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants.

Mr. Cheung Wai Kai, aged 62, was appointed as an executive director of the Group in January 2007. He is also a member of the executive committee, the remuneration committee, the nomination committee and the investment committee of the Company. Mr. Cheung is responsible for general management and business management of the Group in which he has extensive experience.

Ms. Stephanie, aged 31, was appointed as an executive director of the Group in May 2016. She is a member of the executive committee of the Company. She obtained a Bachelor Degree in Finance and Marketing from the University of Washington, USA in 2008. She joined the Group in 2015 as the directors of certain subsidiaries of the Company and is mainly responsible for the brokerage and provision of finance business of the Group. Ms. Stephanie has extensive experience in accounting and corporate finance. Prior to her joining of the Group, she had worked in the financing and accounting field for more than 6 years, including in a multinational corporation where she oversaw financing and accounting matters and an international accountancy firm where she participated in numerous merger and acquisition projects.

Independent Non-executive Directors

Mr. Sin Ka Man, aged 50, joined the Company as an independent non-executive Director in January 2007. He is the chairman of the audit committee of the Company and a member of the remuneration committee and the nomination committee of the Company. He has over 21 years of professional experience in auditing, accounting and financial management for both private and listed corporations. Mr. Sin is a certified public accountant of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a certified practising accountant of the CPA Australia. Mr. Sin holds a bachelor degree in Social Sciences from the University of Hong Kong, a master degree in Finance from the University of Strathclyde, the United Kingdom and a master degree in accounting from Curtin University of Technology, Australia. Mr. Sin is also an independent non-executive director of Chinese People Holdings Company Limited and was an independent non-executive director of Ground International Development Limited (formerly known as "Ground Properties Company Limited", resigned in November 2013), Sino Haijing Holdings Limited (resigned in April 2015), Xtep International Holdings Limited (retired in May 2017) and Momentum Financial Holdings Limited (formerly known as "Infinity Financial Group (Holdings) Limited", retired in June 2017), all companies are listed on the main board of the Stock Exchange.

Mr. Cheung Sau Wah, Joseph, *PMSM*, aged 66, joined the Company as an independent non-executive Director in March 2007. He is a member of the audit committee, the nomination committee and the investment committee of the Company and the chairman of the remuneration committee of the Company. Mr. Cheung served in the Hong Kong Police Force for over 35 years and retired in November 2006 as a Senior Superintendent of Police. He was awarded a Police Meritorious Service Medal (PMSM) in 2003 by the Chief Executive of the Hong Kong SAR for his consistent outstanding performance in the Hong Kong Police Force.

Mr. Wong Hung Tak, *PMSM*, aged 62, joined the Company as an independent non-executive Director in November 2017. He is a member of the audit committee and the remuneration committee of the Company and the chairman of the nomination committee of the Company. Mr. Wong is a retired Chief Superintendent in the Hong Kong Police with over 36 years of service. He has mastered meticulous operational planning and excellent risk management abilities. In addition to serving as a commander in a number of frontline Police formations, Mr. Wong was actively involved in the planning and execution of the security operations during the Hong Kong International Airport removal in 1998 and the World Trade Ministers Conference held in Hong Kong in 2005. He had also played an active role in many security operations for the visit of Head of State to Hong Kong throughout his Police services. In the last 4 years of his Police career, he headed the Police Technical Division, providing technical support to various significant and sensitive security, surveillance and counter terrorist operations. Mr. Wong was also involved in the security design and implementation of security systems for the Police Headquarters. Mr. Wong was awarded the Hong Kong Police Medal for Meritorious Service in 2009.

SENIOR MANAGEMENT

Ms. LEUNG Wai Lan, Ausca, aged 52, joined the Group in August 2017. She is the managing director of Easy One Securities Limited, a wholly-owned subsidiary of the Group, responsible for leading the overall development direction, philosophy and strategy of the securities business, the formulation of operational strategies and implementation, and overseeing the company's daily operations and operating performance. Ms. Leung holds a Bachelor Degree of Commerce, major in Accounting, from Curtin University of Technology, Australia. She is a member of the CPA Australia and The Hong Kong Institute of Certified Public Accountants. Prior to her joining the Group, she worked in a number of international banks and multinational financial companies. She has over 31 years of experience in finance and accounting and brokerage operations.

Mr. TAM Shing Kung, Edmond, aged 56, joined the Group in April 2016. He is a general manager (loan finance) of the Group responsible for the operation and management of loan business. Mr. Tam holds a Bachelor Degree of Business Administration from Seattle International University, USA. He has over 30 years of experience in loan finance in Hong Kong.

Mr. YEUNG Kam Cheong, aged 57, joined the Group in December 2015. He is a general manager (loan finance) of the Group responsible for the operation and management of mortgage business. Mr. Yeung holds a Bachelor of Arts Degree in Economics from Laurentian University. He has over 31 years of experience in loan finance.

ABOUT THE REPORT

The Group reaffirms its commitment towards sustainability with the publication of its second Environmental, Social and Governance ("**ESG**") Report. This report is prepared in compliance with the ESG Reporting Guide set out in Appendix 27 to the Listing Rules.

Reporting Scope and Period

This report aims to disclose the policies, management approach and performance on environmental and social aspects of the Group's financial services and property development business from 1 April 2017 to 31 March 2018. For governance section, please refer to the corporate governance report on pages 28 to 42 in this annual report.

ESG MANAGEMENT APPROACH

The Group is principally engaged in businesses of financial services in Hong Kong and property development in the PRC. The financial services consist of securities brokerage services and money lending, providing a variety of short and long-term personal and mortgage loans. The property development business is located in Fuzhou and Dongguan of the PRC, taking advantage of the rapid development of second tier cities in the PRC.

Due to the different natures of financial services and property development, the Group adopts a comprehensive approach in managing the environmental and social performances which differentiates the key focus areas of our two businesses. In this report, the key focus area of financial services business includes product responsibility, data privacy and anti-corruption while our property development business focuses on supply chain management and occupational health and safety. Apart from the above focus areas, the Group also cares about protecting the environment, despite the relatively minor environmental impact our office-based operations have, and making contribution to the community.

STAKEHOLDER ENGAGEMENT

Facilitating two-way communication with stakeholders is crucial to understand their concerns and continually optimize our performance. We are devoted to developing into a sustainable business which creates values for all its stakeholders. The table below shows our engagement channels, response to the stakeholders and the topics that they are concerned with.

Stakeholders	Issues	Engagement Methods/ Response
Customers	• Customer satisfaction • Data privacy	• Website of the Group • Customer service hotline and email • Feedback from front-line employees • Establish data privacy procedure
Community	• Assistance for underprivileged group • Environmental protection	• Participate in community activities held by charitable or non-government organizations • Sign Carbon Reduction Charter • Participate in computer recycling programme
Employees	• Training and development • Remuneration • Occupational health and safety	• Two-way communication with immediate supervisor • Sponsor qualification membership and external education • Implement remuneration policy • Establish a safety management system
Government and regulators	• Tax compliance • Employment protection • Business ethics	• Business ethics seminar • Ongoing communication with relevant government departments • Whistleblowing policy
Investors and shareholders	• Corporate governance • Business operations • Disclosure	• Shareholders' meetings • Financial reports, ESG reports and other disclosure documents • Press releases • Announcements
Suppliers	• Stable business partnerships • Fair competition	• Suppliers' evaluation procedure • Fair tendering procedure

OPERATING PRACTICES

Targeting to operate in a responsible manner, the Group maintains the highest ethical standards in conducting its business, including financial services and property development. We aim to provide responsible money lending and securities brokerage services for our customers, striving to protect customer data privacy and fight against money laundering behaviors that may incur in the financial business. For property development, we emphasize on supply chain management including management of contractors as well as property management companies.

Product Responsibility

For the Group's securities brokerage business, our employees fully understand the obligations under the laws of Hong Kong and rules, guidelines and regulations published by the SFC, including but not limited to the Code of Conduct for Persons Licensed by or Registered with the SFC.

To protect all parties involved in a loan agreement, the Group strictly observes the Money Lenders Ordinance. Every agreement for a loan must be put in writing and signed by the borrower within 7 days of making the agreement and before the loan is granted. A copy of the signed note of the agreement must be given to the borrower at the time of signing and the signed note must contain full details of the loan.

Data Privacy

The Group is responsible for maintaining the confidentiality of personal data to protect customer privacy. We strictly adhere to the Personal Data (Privacy) Ordinance and the Code of Conduct for Persons Licensed by or Registered with the SFC. As our financial services business involves tremendous amount of customer information processing, especially during the assessment of creditability of loan applicants and account opening, we handle customers' information with care and maintain its confidentiality. Unless required by law, we do not disclose to a third party any information relating to our customers without their explicit permission. The licensed or registered person also needs to employ adequate and appropriate security controls to protect the confidentiality of information stored in the electronic trading system.

Anti-corruption

Money laundering is a major risk of financial industry. As a financial institution, we are responsible to take proactive action and be vigilant in tackling money laundering. Through adopting a risk-based approach to customer due diligence, we assess the extent of risks of our customers being involved in money laundering activities. The customer due diligence process is conducted before any business relationship is established or a specified occasional transaction is carried out. High risk customers are subject to stringent due diligence.

An ongoing monitoring mechanism is in place to constantly manage the risk of money laundering, which includes reviewing customer information to ensure it is up-to-date and relevant. The Group reviews customer information and performs due diligence upon certain trigger events. High risk customers are subject to minimum of an annual review. Besides, we monitor activities of customers to evaluate consistency with the nature of business, risk profile and source of funds, etc.

By signing an Employee Undertaking, our employees acknowledge that they have read and understood the Group's Prevention of Money Laundering Policies (the "**AML Policies**"). They are obliged to comply with the AML Policies and cooperate with any investigations or inquires in relation to any violation of the policies. If any suspicious activity is found, employees must report to the respective department head, money laundering reporting officer and compliance department.

The Group has also formulated a whistleblowing policy to encourage employees to report any misconduct or malpractice within the Group that compromises the interests of the Shareholders, investors, customers and wider public. Any report must be submitted in writing to the chairman of the Company. The Group takes reasonable steps to protect employees. Under the policy, identity of the individual employee reporting the case is not divulged without the employee's consent unless it is a legal obligation of the Group to reveal the employee's identity to authorities. The Group also takes appropriate actions to protect employees against retaliation. Harassment or victimization of a genuine whistleblower is a gross misconduct that may result in dismissal. The audit committee of the Group regularly reviews the effectiveness of the policy to ensure implementation of appropriate measures to maintain fair and independent investigation. During the Financial Year, the Group was not aware of any material non-compliance of laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

Supply Chain Management

For the Group's property development business, we strictly select and manage our contractors for construction projects and the property management companies. A systematic tender procedure is implemented to select the contractors for construction projects in the PRC. The Group assesses the qualifications of contractors based on the criteria described below.

During the construction phase, the Group strictly monitors construction quality, progress as well as implementation of safety measures. Contractors are required to purchase insurance for their workers and ensure safety at the construction site. In the completion phases of our construction projects, relevant government departments assess the projects in the aspects of fire control, sanitation, and environmental performance, etc. Therefore, we ensure all our projects fulfil the safety, environmental and quality standards of the Group.

After completion of construction, we adopt an open tendering approach for selecting property management companies according to the Regulation on Realty Management《物業管理條例》and Interim Measures for Bid-Inviting and Bidding Management of Preliminary Property Management《前期物業管理招標投標管理暫行辦法》. The bidder should obtain third grade or above qualification of realty management enterprises as stipulated in the Measures for the Administration on Qualifications of Realty Management Enterprises《物業管理企業資質管理辦法》and maintain outstanding compliance record.

- Accredited construction companies that hold relevant business licenses and necessary permits
- Possess sound financial accounting system and good business reputation
- Capable to fulfil the contract terms and provide satisfactory after sales services
- Strictly comply with relevant laws and regulations
- No significant violation of laws is found in last 3 years of operation

OUR PEOPLE

Employees are the key to the Group's long-term success. We aim to provide a desirable workplace by ensuring equal opportunity in career development, ensuring health and safety and maintaining a harmonious workplace.

Employee Rights and Welfare

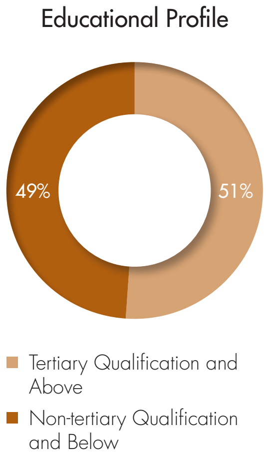
The Group ensures all employees have access to equal opportunities without regard to sex, family status, pregnancy, marital status or physical disability. The Group prohibits discrimination, sexual harassment, disability harassment and vilification of disability and other illegal activities. Besides, the adoption of child and forced labour is also forbidden. We have strictly complied with the applicable laws and regulations including but not limited to the Employment Ordinance, Employee' Compensation Ordinance, Minimum Wage Ordinance and Employment of Children Regulations. During the Financial Year, the Group was not aware of any material non-compliance of laws and regulations that have a significant impact on the Group relating to employment and labour practices.

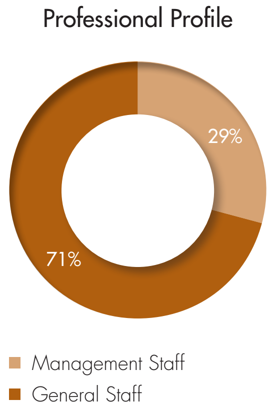
The Group has implemented a remuneration policy to ensure fair remuneration for employees, which is reviewed periodically by the remuneration committee of the Company and the Board. The remuneration of the Group's employees is determined with reference to market terms, company performance and individual qualifications and performance. With the principle of "put a right person in the right position", the Group first considers its existing employees for any job opportunities available, in order to recognize the contribution of outstanding employees as well as strengthen their sense of belonging.

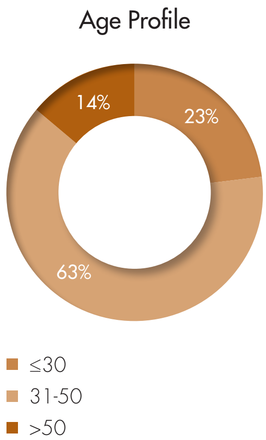
The compensation and benefits include but are not limited to annual leave, paternity leave, examination leave, medical insurance and external education reimbursement. The Group maintains a Mandatory Provident Fund Scheme for its employees in Hong Kong, who are eligible to participate, and pays retirement contributions in accordance with the statutory requirements for its PRC employees. Besides, the Group also organizes recreation activities for employees regularly for team building.

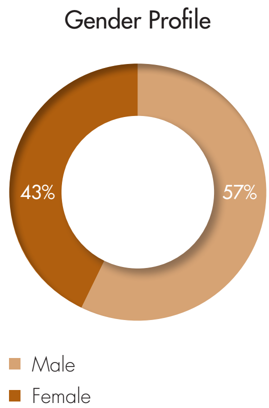
Employee Composition

As of 31 March 2018, the Group had a total of 133 employees, of which 68 employees were based in Hong Kong and 65 employees were based in the PRC. The proportion of male and female employees is approximately 57%:43%. Most of the employees were aged between 31 and 50, accounting for approximately 63%. In terms of educational profile, approximately 51% of the employees had tertiary qualification and above. In terms of professional profile, approximately 29% of the employees were management staff. During the Financial Year, the turnover rate was approximately 62% compared to a new hire rate of approximately 40%.









Development and Training

The Group emphasizes talent cultivation and tapping the potential of employees. We provide a series of in-house training programs for employees depending on their career needs, including induction training for new comers, corporate intranet training, branch operation training and personal loan operation training. We ensure each employee acquires necessary skills and knowledge for performing his/her duties. Besides, the Group has qualification memberships sponsoring and external education reimbursement, aiming to encourage its employees to obtain qualification memberships and pursue continuous learning. During the Financial Year, approximately 64% and approximately 76% of our management and general staff participated in the training programs, respectively.

Occupational Health and Safety

The Group recognizes the occupational health and safety hazards existing in construction projects. Therefore, a safety management system is implemented to ensure the provision of a safe and healthy workplace for construction workers. All construction workers should receive sufficient safety related information, guidelines, training and supervision when performing their jobs. Safety inspections are conducted by experienced and qualified operators to minimize safety hazards. Through effective control, coordination and supervision, the Group ensures the safety measures are properly implemented by contractors. We have also established a platform for all participating working units in the project to communicate and share health and safety concerns. Apart from the safety measures in the construction site, we also conduct fire safety training in office to raise employees' awareness of fire safety.

During the Financial Year, there was one case of work-related accident, accounting for a total of 4 lost days. There was no work-related fatality recorded. The Group was not aware of any material non-compliance of laws and regulations that have a significant impact on the Group relating to health and safety issues.

COMMUNITY CARE

As a socially responsible corporation, the Group consistently participates in charity work, wishing to give back to the community and create a harmonious society hand-in-hand.

The Group donated for "Po Leung Kuk Charity Run 2017", which helped raise funds to support Po Leung Kuk's children and youth services.

Through the Group's participation in "Dress Casual Day" and "Skip Lunch Day" organized by the Community Chest of Hong Kong, we support the development of social welfare in Hong Kong, and the services for street sleepers, residents in cage homes and cubicles respectively. Looking ahead, the Group will continue to support different charity works and encourage its employees to take part in it.

The Group participated in "Earth Hour" organized by the World Wide Fund for Nature (WWF), pledging to combat climate change by implementing environment protection measures, and raising environmental awareness of employees as well as the public.

MANAGING ENVIRONMENTAL ASPECTS

The Group takes environmental management into account for both property development business in the PRC and financial services business in Hong Kong. We keep our employees abreast of the latest environmental laws and regulations so as to better manage our environmental performance. During the Financial Year, the Group were not aware of any material non-compliance of environmental laws and regulations that have a significant impact on the Group relating to air and greenhouse gas (GHG) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

The major air emissions of the Group come from the use of corporate vehicles, which generated approximately 0.16 kg of sulphur oxides (SO_x), approximately 0.16 kg of nitrogen oxides (NO_x) and approximately 0.01 kg of particulate matter (PM) during the Financial Year. The corporate vehicles consumed approximately 10,780 litres of petrol, contributing to direct GHG emissions (Scope I) of approximately 29 tonnes of carbon dioxide equivalent (tCO_2e); and the Group consumed approximately 2,210,551kWh of purchased electricity[1] which contributed to indirect GHG gases emissions (Scope II) of approximately 1,179 tCO_2e. The total energy consumption of petrol and electricity amounted to approximately 8,301,562 megajoules (MJ), with the energy intensity of 41.35MJ per thousand Hong Kong dollars revenue.

Regarding the consumption of water resources, the Group does not have any issue in sourcing water that is fit for purpose. The Group's office in Hong Kong consumes municipal water managed by property management office in a centralized manner, the data of water consumption is not available. At our operation of property development in the PRC, the total water consumption amounted to approximately 75,704 cubic meters (m^3), with the water intensity of 0.38 m^3 per thousand Hong Kong dollars revenue.

Regarding other resources, the Group does not involve in the consumption of packaging materials since our business is not manufacture-based.

Despite our businesses having only insignificant impact on the environment, the Group strives to take any feasible measures that pose positive impact to the environment. Realizing climate change has become a major global issue affecting everyone, the Group wishes to take a step further and contribute to combat climate change. By signing up the Carbon Reduction Charter initiated by the Hong Kong Environmental Protection Department, we pledge to reduce carbon footprint of our operations by taking any feasible actions, such as facilitating the adoption of environment-friendly equipment and working in partnership with stakeholders in the community to promote best practices and behavioral changes to reduce GHG emissions.

Due to the nature of its business, our operations do not generate significant hazardous and non-hazardous waste. However, the Group has identified electronic waste as a crucial issue in Hong Kong. According to the Hong Kong Environmental Protection Department, Hong Kong households and corporations dispose more than 70,000 tonnes of wasted computers and electrical and electronic equipment per year, most of which contain components and materials that can be recovered. Therefore, the Group has participated in a computer recycling programme so as to reduce the quantity of wasted computers disposed of at landfills. Internally, the Group has established a "Green Committee" to promote the environmental awareness among our staff. Externally, the Group continued to monitor the latest development in environmental, social and governance concern and adjusts its policies to improve its ESG standard.

1 This is not comparable to last year data. Apart from electricity consumption of the Group's operations in Hong Kong, the electricity consumption this year also includes the Group's operations in the PRC.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company is committed to achieving and maintaining a high standard of corporate governance. The Board recognises that such commitment is essential for the long-term success and sustainability of our business. Our key corporate governance practices and activities during the Financial Year are set out in this report.

CORPORATE GOVERNANCE

Compliance with Listing Rules and CG Code

During the Financial Year, the Company has complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, except for the following deviations:

Code provision A.2.1

Code provision A.2.1 of the CG Code requires the roles of chairman and chief executive should be separate and should not be performed by the same individual.

With effect from 2 June 2008, Mr. Chan Chun Hong, Thomas has taken up the role of the chairman of the Company and he also remains as the managing Director. Mr. Chan is responsible for the overall corporate planning, strategic policy making and management of day-to-day operations of the Group. The Company does not propose to comply with code provision A.2.1 of the CG Code for the time being but will continue to review such deviation to enhance the best interests of the Company and the Shareholders as a whole. Details of such deviation are set out below in the section headed "Roles of Chairman and Managing Director".

Code provision A.5.1

Code provision A.5.1 of the CG Code requires that the nomination committee should be chaired by the chairman of the board or an independent non-executive director and comprise a majority of independent non-executive directors. Furthermore, Rule 3.10(1) of the Listing Rules provides that every board of directors of listed companies must include at least three independent non-executive directors, Rule 3.21 of the Listing Rules provides that the audit committee should comprise a minimum of three members and Rule 3.25 of the Listing Rules provides that the remuneration committee should comprise a majority of independent non-executive directors.

Subsequent to the retirement of Mr. Yuen Kam Ho, George as an independent non-executive Director, and his cessation of the positions of the chairman of the nomination committee (the "**Nomination Committee**") of the Company and a member of each of the audit committee (the "**Audit Committee**") and the remuneration committee (the "**Remuneration Committee**") of the Company upon the conclusion of the 2017 annual general meeting of the Company held on 29 August 2017, the number of independent non-executive Directors and the number of members of each of the Audit Committee, the Remuneration Committee and the Nomination Committee had fallen below the minimum number as required under Rules 3.10(1), 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code.

On 27 November 2017, Mr. Wong Hung Tak was appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee with effect from 27 November 2017. Following the aforesaid appointments of Mr. Wong, (i) the Company has three independent non-executive Directors, which means that the Company has complied with the requirement set out in Rule 3.10(1) of the Listing Rules; (ii) the Audit Committee comprises three members, which means that the Company has complied with the requirement set out in Rule 3.21 of the Listing Rules; and (iii) the Remuneration Committee comprises five members, a majority of which are independent non-executive Directors, which means that the Company has complied with the requirement set out in Rule 3.25 of the Listing Rules. Details of Mr. Wong's appointment were disclosed in the announcement of the Company dated 27 November 2017.

The Company periodically reviewed its corporate governance practices to ensure they continue to meet the requirements of the CG Code during the Financial Year. The key corporate governance principles and practices of the Company are summarized in this report.

CORPORATE GOVERNANCE POLICIES

Inside information policy

The Group always emphasises on the importance of transparency of communication between the stakeholders and the Group and has established policies and procedures for timely disclosure of inside information to the public when available. The senior management of the Group will take all reasonable measures from time to time to ensure that the disclosure of inside information is in compliance with the requirements of all applicable laws and regulations.

Whistleblowing policy

The Company has adopted a whistleblowing policy to facilitate the achieving of high possible standards of openness, probity and accountability. Procedures are formulated to assist individual employee to disclose internally and at a high level, information which the individual believes that it shows malpractice or impropriety within the Group. Such policy is available on the website of the Company.

Shareholders engagement and communications

Shareholders Engagement

Any one or more shareholders holding at the date of deposit of requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting (the "**SGM**") to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Pursuant to bye-law 58 of the bye-laws of the Company, a SGM shall be convened on requisition, as provided by the Companies Act 1981 of Bermuda (the "**Companies Act**"), and, in default, may be convened by the requisitionist(s).

Pursuant to bye-law 59 of the bye-laws of the Company, a SGM may be called by notice in writing of not less than fourteen clear days and not less than ten clear business days.

The Company would take appropriate actions and make necessary arrangements, and the Shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Section 74 of the Companies Act once a valid requisition is received.

Shareholders Communication

Shareholders may send written enquiries to the Board and/or the secretary of the Company, either by post, by facsimiles or by email, together with his/her contact details, such as postal address, email or fax number, via the following channels:

For corporate affairs:

Address: Easy One Financial Group Limited
Suite 3202, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Telephone: (852) 2312 8329
Fax: (852) 2312 8148
Email: enquiry@easyonefg.com

For shareholding or entitlement affairs:

Address: Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

The Company encourages Shareholders to participate in the Company's annual general meetings and/or other general meetings, at which the Directors are on hand to answer questions raised by the Shareholders on the Company's business operations.

Constitutional document

There was no change in the memorandum of continuance and bye-laws of the Company during the Financial Year.

The memorandum of continuance and bye-laws of the Company are available on the websites of the Stock Exchange and the Company.

Code for Securities Transactions by Directors and Relevant Employees

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 its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Financial Year.

To comply with code provision A.6.4 of the CG Code, the Company has also adopted a written code of conduct regarding securities transactions on terms no less exacting than the Model Code by the relevant employees of the Company or any of its subsidiaries who are considered likely to be in possession of inside information in relation to the Company or its securities.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group established and maintained appropriate and effective risk management and internal control systems during the Financial Year. While the management of the Group is responsible for implementing and maintaining sound risk management and internal control systems that safeguard the Group's assets and stakeholders' interest in aspects including operation, financial and compliance, the systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk management process

The Group has established risk management manual to formulate the risk management process and the management is committed to fostering a risk aware and control conscious environment. The staff in all levels within the Group are also required to take the relevant responsibility on the risk management process. The structure and procedures for the risk management are as follows:

Risk identification	:	Both internal and external factors including economic, political, social, technology and environmental factors, laws and regulations, business objectives and stakeholders' expectation would be considered
Risk assessment	:	The risk identified would be assessed and rated based on the likelihood and impact to the achievement of the Group's objectives
Control activities	:	The internal control procedures have been designed and implemented to address the risks
Risk monitoring	:	Risk register has been maintained and updated regularly to monitor risks on an ongoing basis
Risk management review	:	The Board and Audit Committee would perform review on any change of significant risks of the Group

Internal audit function

For the Financial Year, the Company appointed external advisers to perform the ongoing monitoring of the systems of internal control of the Group and report their findings and recommendations to the Audit Committee and follow up the status of implementation of the recommendations to ensure all significant control activities are properly in place within the Group.

The Group has adopted a risk-based approach in developing the annual audit plan to cover business activities with material risks across the Group. The rotation basis would be applied to operations with similar risk associated so as to enhance the efficiency and effectiveness of the internal audit.

All findings and recommendations on internal control deficiencies for the Financial Year have been communicated to the management, who are required to establish remedial plans to correct those internal control deficiencies within a reasonable time period. Post-audit review is performed to monitor those agreed recommendations have been implemented as intended and on a timely basis.

Based on the audit result and post-audit review, the advisers reported that no significant deficiency on the internal control systems of the Group for the Financial Year had been noted.

Review on risk management and internal control systems

The Board has conducted annual review on the effectiveness of the Group's risk management and internal control systems for the Financial Year and confirmed that the Group's risk management and internal control systems in respect of financial, operational, compliance, risk management and adequacy of resources, are effective and adequate.

BOARD OF DIRECTORS

Composition

As at the date of this annual report, the Board comprises three executive Directors and three independent non-executive Directors. The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Chan Chun Hong, Thomas
Chairman and Managing Director
Mr. Cheung Wai Kai
Ms. Stephanie

Independent Non-executive Directors:

Mr. Sin Ka Man
Mr. Yuen Kam Ho, George
(retired on 29 August 2017)
Mr. Cheung Sau Wah, Joseph
Mr. Wong Hung Tak
(appointed on 27 November 2017)

The biographical details of the Directors are set out on pages 18 to 19 of this annual report.

Responsibilities

The Board's primary functions are to set corporate policy and overall strategy for the Group and to provide effective oversight of the management of the Group's businesses and affairs. It delegates day-to-day operations of the Group to executive Directors and senior management. Apart from its statutory responsibilities, the Board also approves, among others, strategic plans, key operational issues, investments and loans, reviews the financial performance of the Group and evaluates the performance and compensation of senior management. These functions are either carried out directly by the Board or indirectly through committees established by the Board. Besides, the Board has delegated general powers to the management to deal with day-to-day management, administration and operations of the Group.

The Board possesses a balance of skills and experience which are appropriate for the requirements of the businesses of the Company. Save as Ms. Stephanie, an executive Director and the spouse of a nephew of Mr. Cheung Wai Kai, an executive Director, none of the Directors have any financial, business, family or other material/relevant relationships with each other. The opinions raised by the independent non-executive Directors at the meetings of the Board facilitate the maintenance of good corporate governance practices. The Board has three independent non-executive Directors, representing more than one-third of the Board, and at least one of the independent non-executive Directors has the appropriate professional qualification and/or accounting and audit experience and/or expertise as required by Rules 3.10(1) and (2) of the Listing Rules. A balanced composition of executive and non-executive Directors also ensures a strong independent element on the Board, which allows for an independent and objective decision making process for the best interests of the Company. The Company will review the composition of the Board regularly to ensure the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business with due regard for the benefits of diversity, as set out in the diversity policy adopted by the Board.

All independent non-executive Directors are appointed for a term of three years under respective service agreements and all Directors (including both executive and non-executive) are subject to retirement by rotation at the Company's annual general meetings in accordance with the bye-laws of the Company.

All independent non-executive Directors are free from any business or other relationship with the Company. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change in his own personal particulars that may affect his independence. No such notification was received during the Financial Year. The Company has also received from each of the existing independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company continues to consider the three independent non-executive Directors to be independent.

The Board, which meets at least four times a year with additional meetings arranged, as and when necessary, has a schedule of matters reserved for its review and approval. The specific responsibility reserved for the Board includes matters in relation to, among others, determining strategies and objectives of the Group, monitoring the overall management and operation of the Group, reviewing capital, corporate and control structures, ensuring financial reporting and internal control measures, determining major capital projects and contracts, including material acquisitions, disposals and other significant potential investments, communication with the shareholders, determining the Board composition, the appointment of company secretary and auditors, evaluating the effectiveness of internal controls, reviewing adequacy of resources, qualification and experience of staff, delegation of authority to committees and reviewing the Group's overall corporate governance arrangements. At least 14 days' notice for each regular meeting is given to all Directors. Agendas accompanying Board papers are sent to all Directors 3 days before the date of a regular meeting of the Board to ensure that the Directors are given sufficient time to review the same. All minutes of the meetings of the Board and its committees are kept by the company secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any Director.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties set out in the code provision D.3.1 of the CG Code.

During the Financial Year, the Board reviewed (i) the policies and practices on corporate governance of the Company; (ii) the training and continuous professional development of Directors and senior management; (iii) the policies and practices on compliance with legal and regulatory requirements; (iv) the code of conduct applicable to employees and Directors; and (v) the compliance with the CG Code which was disclosed in this annual report.

Board Meetings and General Meetings

During the Financial Year, the Company held four regular meetings of the Board, the annual general meeting (the "**2017 AGM**") and the SGM for approving the taking up of the provisional entitlements under a rights issue by CAP. The attendance of each Director is set out as follows:

Directors	Regular Board meetings	2017 AGM	SGM
Executive Directors			
Mr. Chan Chun Hong, Thomas	4/4	1/1	1/1
Mr. Cheung Wai Kai	2/4	1/1	0/1
Ms. Stephanie	4/4	1/1	0/1
Independent Non-executive Directors			
Mr. Sin Ka Man	4/4	0/1	0/1
Mr. Yuen Kam Ho, George (retired on 29 August 2017)	1/1	0/1	N/A
Mr. Cheung Sau Wah, Joseph	4/4	1/1	0/1
Mr. Wong Hung Tak (appointed on 27 November 2017)	1/1	N/A	N/A

ROLES OF CHAIRMAN AND MANAGING DIRECTOR

Mr. Chan Chun Hong, Thomas has been appointed as managing Director since January 2007. With effect from 2 June 2008, Mr. Chan has taken up the role of Chairman and has been remaining as managing Director. Mr. Chan is responsible for the overall corporate planning, strategic policy making and management of day-to-day operations of the Group. Mr. Chan has extensive experience in the industry which is of great value to the overall development of the Company. The Company does not propose to comply with code provision A.2.1 of the CG Code for the time being as the Board considers that the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals with a balance of skills and experience appropriate for the requirements of the Group. The current structure also allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing competitive environment.

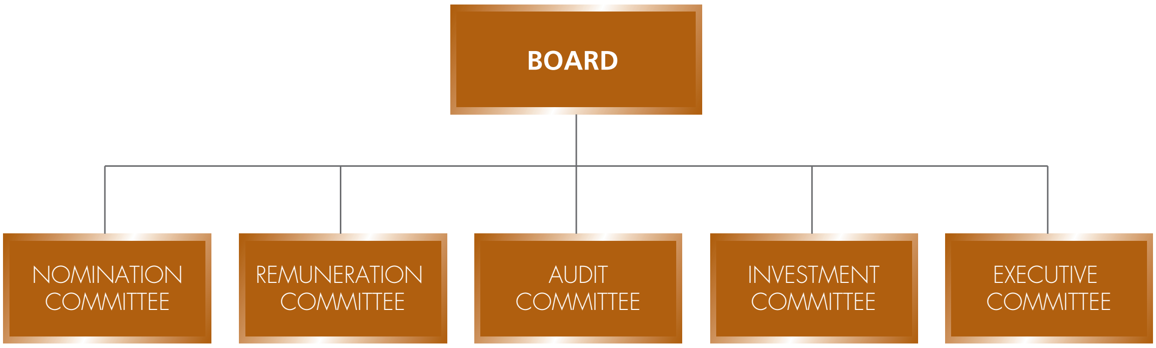
The Board will continue to review and recommend such proposals, as appropriate, in the aspect of such deviation or other aspects in order to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate the greatest returns for the Shareholders.

TRAINING, INDUCTION AND CONTINUING DEVELOPMENT FOR DIRECTORS

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package covering the summary of the responsibilities of a director of Hong Kong listed company and the Guide on Directors' Duties issued by the Companies Registry. The Company would also arrange seminars on professional knowledge of regulatory requirements relating to director's duties and responsibilities for each newly appointed Director to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

During the Financial Year, Mr. Chan Chun Hong, Thomas, Mr. Cheung Wai Kai, Ms. Stephanie, Mr. Sin Ka Man, Mr. Cheung Sau Wah, Joseph and Mr. Wong Hung Tak each received regular update on corporate governance matters or news or changes to laws and regulations. Mr. Chan Chun Hong, Thomas, Ms. Stephanie, Mr. Sin Ka Man and Mr. Wong Hung Tak attended briefings or seminars on relevant topics. All Directors are requested to provide the Company a record of the training they received.

BOARD COMMITTEES



REPORTS OF BOARD COMMITTEES

Report of the Remuneration Committee

The Remuneration Committee is delegated by the Board with the responsibility to establish, review and make recommendations to the Board on the Group's remuneration policy and practices.

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Cheung Sau Wah, Joseph (chairman), Mr. Sin Ka Man and Mr. Wong Hung Tak and two executive Directors, namely Mr. Chan Chun Hong, Thomas and Mr. Cheung Wai Kai.

The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company. The duties, roles and functions of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure of remuneration for all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing such policy;

2. to review and approve the management's remuneration proposals by reference to the Board's corporate goals and objectives;

3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company, including but not limited to benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Directors;

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

6. to review and approve the compensation payable to executive Directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

8. to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the Financial Year, the Remuneration Committee held two meetings and the attendance of each member of the Remuneration Committee is set out below:

Members of the Remuneration Committee	Attendance
Mr. Cheung Sau Wah, Joseph *(chairman)*	2/2
Mr. Yuen Kam Ho, George (retired on 29 August 2017)	N/A
Mr. Sin Ka Man	2/2
Mr. Wong Hung Tak (appointed on 27 November 2017)	1/1
Mr. Chan Chun Hong, Thomas	2/2
Mr. Cheung Wai Kai	2/2

During the Financial Year, the Remuneration Committee reviewed, inter alia, the remuneration policy, assessed performance of executive Directors, reviewed existing remuneration packages, structure of executive Directors and employment structure of senior management of the Company and approved the terms of executive Director as well as newly appointed Director's service contracts.

The Remuneration Committee made recommendations, if any, to the Board on the remuneration packages of individual executive Directors and senior management of the Company.

The remuneration payable to the Directors will depend on their respective contractual terms under their employment contracts or service contracts and the same were reviewed by the Remuneration Committee. Details of the Directors' remuneration are set out in note 10 to the consolidated financial statements.

Report of the Nomination Committee

The Nomination Committee is delegated by the Board with the primary responsibility to formulate and implement the policy for nominating Board candidates, assess independent non-executive Directors' independence and review the time required from Directors to perform their responsibilities.

The Nomination Committee consists of three independent non-executive Directors, namely Mr. Wong Hung Tak (chairman) (appointed on 27 November 2017), Mr. Cheung Sau Wah, Joseph and Mr. Sin Ka Man and two executive Directors, namely Mr. Chan Chun Hong, Thomas and Mr. Cheung Wai Kai.

According to the terms of reference of the Nomination Committee, the Nomination Committee will consider, when designing and reviewing the Board's composition, from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, independence and length of service. The Nomination Committee will consider candidates on merit against the objective criteria, with due regard for the benefits of diversity on the Board.

The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company. The duties, roles and functions of the Nomination Committee are as follows:

1. to review the structure, size, composition and diversity of the Board (including without limitation, gender, age, cultural and educational background, ethnicity, experience, skills, knowledge, independence and length of service) of the Board at least annually and make recommendations to the Board on any proposed changes to complement the Company's corporate strategy;

2. to identify and nominate individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable individuals, the Nomination Committee shall consider individuals on merit against the objective criteria, with due regard for the benefits of diversity on the Board;

3. to assess the independence of independent non-executive Directors and review the independent non-executive Directors' annual confirmations on their independence and make disclosure of its review results in the corporate governance report of the Company;

4. to regularly review the time required for a Director to perform his/her responsibilities;

5. to review the balance between executive and non-executive Directors and the blend of skills, knowledge, experience and diversity on the Board;

6. to keep under review the leadership and succession needs of the organisation with a view to ensuring the long term success of the Group;

7. to review the Board's diversity policy, as appropriate, and review the measurable objectives that the Board has set for implementing the Board's diversity policy, and the progress on achieving the objectives; and make disclosure of its review results in the corporate governance report annually;

8. to ensure that all Directors offer themselves for re-election every three years by Shareholders;

9. to make recommendations to the Board on the appointment, re-appointment or re-designation of Directors and succession planning for Directors, in particular the chairman/chairlady and the chief executive, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future;

10. to ensure that on appointment to the Board, every Director should receive a formal letter of appointment or enter into a service contract with the Company, as appropriate;

11. where the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, the Nomination Committee should set out in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why it believes the individual should be elected and the reasons why it considers the individual to be independent; and

12. the chairman or another member of the Nomination Committee shall attend the Company's annual general meetings and be prepared to respond to questions raised by Shareholders on the Nomination Committee's activities and responsibilities.

During the Financial Year, the Nomination Committee held three meetings and the attendance of each member of the Nomination Committee is set out below:

Members of the Nomination Committee	Attendance
Mr. Yuen Kam Ho, George *(chairman)* (retired on 29 August 2017)	0/1
Mr. Wong Hung Tak *(chairman)* (appointed on 27 November 2017)	1/1
Mr. Cheung Sau Wah, Joseph	3/3
Mr. Sin Ka Man	3/3
Mr. Chan Chun Hong, Thomas	3/3
Mr. Cheung Wai Kai	3/3

During the Financial Year, the Nomination Committee (i) reviewed, inter alia, the policy for the nomination of Directors, the nomination procedures and the process and criteria to select and recommend candidates for directorship and the Board's diversity policy; (ii) recommended the appointment of an independent non-executive Director; and (iii) recommended the re-elections of Mr. Chan Chun Hong, Thomas and Mr. Yuen Kam Ho, George in an annual general meeting of the Company. The nominations of appointment and re-elections were made in accordance with the objective criteria (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service), with due regard for the benefits of diversity, as set out in the diversity policy adopted by the Company. As a good governance practice, Mr. Chan Chun Hong, Thomas and Mr. Yuen Kam Ho, George had abstained from voting at the Nomination Committee meeting and/or Board meeting on their nominations for election by the Shareholders. The Nomination Committee considers that the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate for the business of the Company. The Nomination Committee will review the implementation of the Board's diversity policy from time to time to ensure its effectiveness on determining the optimal composition of the Board.

After the Financial Year, the Nomination Committee reviewed and made recommendations to the Board regarding the re-elections of Mr. Cheung Wai Kai, Mr. Sin Ka Man and Mr. Wong Hung Tak in the ensuing annual general meeting of the Company. The nominations were made in accordance with the objective criteria (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service), with due regard for the benefits of diversity, as set out in the diversity policy adopted by the Company. As a good governance practice, Mr. Cheung Wai Kai, Mr. Sin Ka Man and Mr. Wong Hung Tak had abstained from voting at the Nomination Committee meeting and/or Board meeting on their nominations for election by the Shareholders. Mr. Cheung Wai Kai, Mr. Sin Ka Man and Mr. Wong Hung Tak do not have any service contracts with any member of the Group that are not determinable by the Group within 1 year without payment of compensation (other than statutory compensation). Their particulars will be set out in the circular to the Shareholders to be sent together with this annual report and posted on the websites of the Stock Exchange and the Company.

Report of the Audit Committee

The Audit Committee is delegated by the Board with the responsibility to provide independent oversight of the Group's financial reporting and internal control systems, and the adequacy of audit.

The Audit Committee consists of all of the independent non-executive Directors, namely Mr. Sin Ka Man (chairman), Mr. Cheung Sau Wah, Joseph and Mr. Wong Hung Tak, pursuant to Rule 3.21 of the Listing Rules with specific terms of reference.

The Audit Committee is mainly responsible for, inter alia, reviewing the interim and annual financial statements and making recommendation to the Board, reviewing the terms of engagement and making recommendation to the Board regarding the appointment of external auditors of the Company, monitoring and assessing the independence of external auditors and effectiveness of the internal control and risk management systems and oversight of the Company's financial reporting, controlling, accounting policies and practices (with external auditors and the management of the Company), risk management and internal control issues. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Financial Year, the Audit Committee held three meetings and the attendance of each member of the Audit Committee is set out below:

Members of the Audit Committee	Attendance
Mr. Sin Ka Man *(chairman)*	3/3
Mr. Yuen Kam Ho, George (retired on 29 August 2017)	0/1
Mr. Cheung Sau Wah, Joseph	3/3
Mr. Wong Hung Tak (appointed on 27 November 2017)	1/1

During the Financial Year, the Audit Committee reviewed and discussed with the management and the external auditors of the Company the accounting principles and practices adopted by the Company. In addition, the Audit Committee also, among other things, reviewed internal control measures and risk management with the senior management and professional advisers of the Company, and the adequacy of resources of the Group, the annual results for the year ended 31 March 2017 and the interim results for the six months ended 30 September 2017 with the senior management and/or the external auditors of the Company.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparation and publication of the timely financial statements and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. In preparing the financial statements for the year ended 31 March 2018, the Directors have adopted suitable accounting policies which are pertinent to the Group's operations and relevant to the financial statements and have presented an understandable assessment of the Group's position and prospects.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the independent auditors' report.

EXTERNAL AUDITORS' REMUNERATION

During the Financial Year, the remuneration paid/payable to the Company's external auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), in respect of audit services and other services is set out as follows which had been reviewed and approved by the Audit Committee based on the scopes of their works:

Services rendered for the Group	Approximate fees paid/payable to HLB HK$'000
Audit services	**1,450**
Other services (provision of services for a very substantial acquisition transaction and a very substantial disposal transaction of the Company)	**818**
Total	**2,268**

COMPANY SECRETARY

Mr. Cheung Chin Wa, Angus, who was appointed as the company secretary of the Company, reports directly to the Board and is responsible for, inter alia, providing updated information to all Directors from time to time.

Mr. Cheung is a fellow member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He holds a Master Degree of Professional Accounting, a Master Degree of Corporate Governance, a Bachelor Degree of Laws and a Bachelor Degree of Arts in Translation. Prior to joining the Group, Mr. Cheung held company secretary or senior company secretarial positions in several Hong Kong listed companies. During the Financial Year, Mr. Cheung has complied with Rule 3.29 of the Listing Rules and taken no less than 15 hours of relevant professional training.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

The Group is conscious of its role as an environmentally and socially responsible group of companies. It has made donations for community wellbeing from time to time and has environmental friendly policies in place. We support the communities and encourage our employees to participate in charitable events and environmental protection activities. Details of the environmental and social responsibility matters of the Group were disclosed in the Environmental, Social and Governance Report of the Company on pages 21 to 27 of this annual report.

CONCLUSION

Going ahead, the Board will continue to review regularly its corporate governance practices to maintain high level of transparency, to enhance the Company's competitiveness and operating efficiency and to ensure its sustainable development and to generate greater returns for the stakeholders of the Company.

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of the Company and of the Group for the Financial Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries comprise property development in the PRC, provision of finance and securities brokerage services.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a fair review of the business and a discussion of the principal risks and uncertainties facing by the Group, particulars of important events affecting the Group that have occurred since the end of the Financial Year, an indication of likely future development in the Group's business and a discussion on the Group's environmental policies and performance and compliance with the relevant laws and regulations, can be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" (which form part of this Report of the Directors) of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Financial Year and the state of affairs of the Company and of the Group at that date are set out in the consolidated financial statements on pages 58 to 143.

The Directors did not recommend the payment of any final dividend for the Financial Year (2017: Nil). No interim dividend was paid to the Shareholders during the Financial Year (2017: Nil).

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2018 are set out in note 24 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTION

Details of movements in the share capital and share option of the Company during the Financial Year, together with the reasons therefor, are set out in notes 37 and 38 to the consolidated financial statements, respectively.

FUND RAISING ACTIVITY OF THE COMPANY

In order to cope with the funding needs for the development of the Group, the Company conducted a placing of shares during the Financial Year.

On 23 November 2017, the Company entered into a placing agreement with Kingston Securities Limited in relation to the placing of 92,000,000 shares of the Company (the "**Placing**") at the placing price of HK$0.235 per placing share. The closing price per share of the Company as quoted on the Stock Exchange on the date of the placing agreement was HK$0.245. The Placing was completed on 18 December 2017. The aggregate gross and net proceeds from the Placing were approximately HK$21.6 million and approximately HK$20.9 million, respectively. As of 31 March 2018, the proceeds were all utilized as intended. The Company utilized approximately HK$10.0 million and approximately HK$10.9 million for the development of its provision of finance business and its securities brokerage services business, respectively. The net proceeds raised per placing share was approximately HK$0.227.

For details of the Placing, please refer to the Company's announcements dated 23 November 2017 and 18 December 2017, respectively.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on pages 144 to 145 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY UNDER DEVELOPMENT AND PREPAID LEASE PAYMENTS

Details of movements in property under development and prepaid lease payments of the Group during the Financial Year are set out in notes 16 and 17 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Financial Year are set out in note 15 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Financial Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

RESERVES

Details of movements in the reserves of the Company and of the Group during the Financial Year are set out in note 13 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2018, the Company's reserves available for distribution to equity holders of the Company, calculated in accordance with the Companies Act, amounted to approximately HK$945.4 million (2017: approximately HK$947.6 million).

DIRECTORS

The Directors during the year and up to the date of this annual report were:

Executive Directors:

Mr. Chan Chun Hong, Thomas
Mr. Cheung Wai Kai
Ms. Stephanie

Independent Non-executive Directors:

Mr. Sin Ka Man
Mr. Cheung Sau Wah, Joseph
Mr. Yuen Kam Ho, George
(retired on 29 August 2017)
Mr. Wong Hung Tak
(appointed on 27 November 2017)

In accordance with bye-law 84 of the bye-laws of the Company, Mr. Cheung Wai Kai and Mr. Sin Ka Man will retire at the forthcoming annual general meeting by rotation and, being eligible, offer themselves for re-election.

In accordance with bye-law 83 of the bye-laws of the Company, Mr. Wong Hung Tak, who was appointed as an independent non-executive Director on 27 November 2017, shall hold office until the forthcoming annual general meeting after his appointment and, being eligible, offer himself for re-election.

All of the independent non-executive Directors are appointed for a term of three years and are subject to retirement by rotation in accordance with the Company's bye-laws. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the existing independent non-executive Directors to be independent as at the date of this annual report.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 18 to 19 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with any company in the Group which is not determinable by such company within one year without payment of compensation, other than statutory compensation.

CHANGE IN INFORMATION OF DIRECTOR

The change of information of the Director since the publication of the 2017 Interim Report is set out below pursuant to the Rule 13.51B(1) of the Listing Rules:

Mr. Chan Chun Hong ceased to act as the managing director and remains as an executive director of Wai Yuen Tong Medicine Holdings Limited with effect from 1 April 2018.

PERMITTED INDEMNITY

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Financial Year. The Company has taken out and maintained appropriate insurance coverage in respect of potential legal actions against its Directors and officers.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with him/her had a material interest, whether directly or indirectly, subsisted during or at the end of the Financial Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Financial Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

To the best of the Directors' knowledge, as at 31 March 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "**SFO**"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Capacity	Total number of underlying shares held *(Note 1)*	Approximate percentage of the Company's total issued shares *(Note 2)* %
Mr. Chan Chun Hong, Thomas	Beneficial owner	4,600,000	0.83
Mr. Cheung Wai Kai	Beneficial owner	4,600,000	0.83
Ms. Stephanie	Beneficial owner	4,600,000	0.83

Notes:

1. These shares represented such shares which may fall to be issued upon the exercise of the share options by the Directors. Details of the share options are set out in the section headed "Share Option Scheme" of this report.

2. The percentage stated represented the percentage of the Company's total issued shares as stated in the relevant disclosure of interests forms.

Save as disclosed above, as at 31 March 2018, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

SHARE OPTION SCHEME

On 21 August 2012, the Company terminated the old share option scheme adopted on 8 October 2002 and adopted the Share Option Scheme in compliance with Chapter 17 of the Listing Rules. The Share Option Scheme became effective on 21 August 2012 and, unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date. The remaining life of the Share Option Scheme is approximately 5 years.

The purpose of the Share Option Scheme is providing incentives and rewards to eligible participants who contribute or potentially contribute to the development and growth of the Group. Eligible participants include Directors, including independent non-executive Directors, employees, individuals who work for any member of the Group or any substantial shareholder or any company controlled by a substantial shareholder, holders of securities issued by any member of the Group or any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial Shareholder or an independent non-executive Director, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

The offer of a grant of share options must be accepted within 30 days inclusive the date of grant upon payment of a nominal consideration of HK$1 by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the grant of the share options or the expiry date of the Share Option Scheme, if earlier.

The exercise price of the share options is determinable by the Directors, but may not be less than the higher of (i) the nominal value of a share of the Company; (ii) the closing price of the Company's shares as quoted on the Stock Exchange on the date of the grant of the share options; and (iii) the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of the grant of the share options.

Share options do not confer rights on the holders to dividends or to vote at Shareholders' meetings.

Details of the movements of the share options under the Share Option Scheme during the Financial Year were as follows:

Name of category of participants	Outstanding as at 1 April 2017	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 March 2018	Date of grant	Exercise price per share HK$	Exercise period	Closing price immediately before the date of grant
Executive Director										
Mr. Chan Chun Hong, Thomas	–	4,600,000	–	–	–	4,600,000	23.02.2018	0.48	23.02.2018-22.02.2025	0.48
Mr. Cheung Wai Kai	–	4,600,000	–	–	–	4,600,000	23.02.2018	0.48	23.02.2018-22.02.2025	0.48
Ms. Stephanie	–	4,600,000	–	–	–	4,600,000	23.02.2018	0.48	23.02.2018-22.02.2025	0.48
Subtotal	–	13,800,000	–	–	–	13,800,000				
Other employee	–	4,000,000	–	–	–	4,000,000	23.02.2018	0.48	23.02.2018-22.02.2025	0.48
Total	–	17,800,000	–	–	–	17,800,000				

17,800,000 share options were granted and no share options were exercised, cancelled and lapsed during the Financial Year. 17,800,000 share options were outstanding as at 31 March 2018.

As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme was 28,643,250, representing approximately 5.15% of the total issued shares of the Company.

Other details of the Share Option Scheme are set out in note 38 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" as set out above and in note 38 to the consolidated financial statements, at no time during the Financial Year were rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of the Directors' knowledge, as at 31 March 2018, the following persons (other than the Directors or the chief executive of the Company) had, or was deemed or taken to have, interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Section 336 of the SFO or, who had notified the Company of relevant interests or short positions in the shares and underlying shares of the Company.

Long positions in the shares of the Company:

Name of shareholders	Capacity	Total number of shares held	Approximate percentage of the Company's total issued shares *(Note 1)* %
Tang Ching Ho *(Note 2)*	Interest of controlled corporation	132,418,625	23.80
Yau Yuk Yin *(Note 2)*	Interest of controlled corporation	132,418,625	23.80
Wang On Group Limited ("**WOG**") *(Note 2)*	Interest of controlled corporation	132,418,625	23.80
Wai Yuen Tong Medicine Holdings Limited ("**WYT**") *(Note 2)*	Interest of controlled corporation	132,418,625	23.80

Notes:

(1) The percentage stated represented the percentage of the Company's total issued shares as stated in the relevant disclosure of interests forms.

(2) Hearty Limited and Suntech Investments Limited held 131,234,225 shares and 1,184,400 shares of the Company, respectively. Both companies were wholly-owned subsidiaries of Total Smart Investments Limited. Total Smart Investments Limited was a wholly-owned subsidiary of WYT. WYT was held as to 56.54% by Rich Time Strategy Limited. Rich Time Strategy Limited was a wholly-owned subsidiary of WOG. WOG was held as to 52.75% by Tang Ching Ho and Yau Yuk Yin through their associates' interests.

Save as disclosed above, as at 31 March 2018, there were no other persons (other than the Directors or the chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

EMOLUMENT POLICY

Employees of the Group are remunerated based on their work performance, work and professional experiences and the prevailing industry practice. The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme and pays retirement contribution in accordance with the statutory requirements for our PRC employees. Particulars of these retirement schemes are set out in note 2 to the consolidated financial statements.

The Company has also adopted the Share Option Scheme as an incentive to the Directors and eligible employees. Details of the Share Option Scheme are set out in note 38 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The income of the Group attributable to the largest customer accounted for approximately 4.2% of the Group's total income, and the aggregate amount of income of the Group attributable to the five largest customers accounted for approximately 12.9% of the Group's total income. The purchase of the Group attributable to the largest supplier accounted for approximately 55.3% of the Group's total purchase, and the aggregate amount of purchases of the Group attributable to the five largest suppliers accounted for approximately 68.6% of the Group's total purchase. None of the Directors, their close associates or any shareholders of the Company (which to the best knowledge of the Directors owned more than 5% of the issued shares of the Company) owned or held any interests in the five largest customers or suppliers of the Group during the Financial Year. Saved as disclosed above, no major customer accounted for more than 5% of the Group's income and no major supplier cannot be replaced by other appropriate suppliers. In this connection, no customers or suppliers would have any material impact on the success of the Group's business performance.

DONATIONS

During the Financial Year, the Group made charitable and other donations totalling approximately HK$3.4 million (2017: approximately HK$1.0 million).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was continued, which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Chan Chun Hong, Thomas, an executive director of Wang On Group Limited of which its principal businesses include, inter alia, money lending, was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group. Save as disclosed above, during the Financial Year and up to the date of this annual report, no Director was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses of which the Directors were appointed as Directors to represent the interests of the Company and/or the Group.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on corporate governance principles and practices adopted by the Company and any deviation to the code provisions of the CG Code during the Financial Year is set out in the Corporate Governance Report on pages 28 to 42 of this annual report.

CONNECTED TRANSACTIONS

Acquisition of the remaining interest in Easy Reach

On 24 April 2017, Honest Rise Holdings Limited (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company, and Mr. Leung Fung Fai and Mr. Chan Kwok Tin (collectively, the "**Sellers**", both the directors of Easy Reach as at the date of entering into the agreement) entered into an agreement dated 24 April 2017, pursuant to which the Purchaser agreed to acquire and the Sellers agreed to sell 49% of the total issued shares (held by a company controlled by them) in Easy Reach and assign a shareholders' loan for a total consideration of HK$21,300,000. Details of the connected transaction were disclosed in the announcement of the Company dated 24 April 2017.

Provision of financial assistance

On 5 September 2017, Easy One Finance, an indirect wholly-owned subsidiary of the Company, entered into a renewal agreement to renew a loan of a principal amount of HK$9,680,000 with a customer, being a company owned by Mr. Chan Kwok Tin, a former director of Easy Reach in the past 12 months as at the date of entering into the renewal agreement, for a term of 12 months with the annual percentage interest rate of 8%. Details of the connected transaction were disclosed in the announcement of the Company dated 5 September 2017.

Certain related party transactions as disclosed in note 41 to the consolidated financial statements prepared under Hong Kong Financial Reporting Standards also constituted connected transactions under the Listing Rules required to be disclosed in accordance with Chapter 14A of the Listing Rule.

As far as the transactions set out in note 41 to the consolidated financial statements under the heading of "Material Related Party Transactions" are concerned, the transactions relating to interest income, interest expense and senior management's remuneration did not constitute connected transactions of the Company under the Listing Rules. The transactions relating to directors' remuneration and rental expenses were connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of not less than 25% of the total issued shares of the Company as required under the Listing Rules throughout the Financial Year and up to the date of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Details of significant event of the Group occurring after the reporting period of the Group are set out in note 46 to the consolidated financial statements.

AUDITORS

The financial statements for the Financial Year were audited by HLB, whose term of office will expire upon the forthcoming annual general meeting of the Company. A resolution to re-appoint HLB as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting of the Company.

In the last three years preceding 31 March 2018, there has been no change in auditors of the Company.

On behalf of the Board

Chan Chun Hong, Thomas
Chairman and Managing Director

Hong Kong, 20 June 2018

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

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

TO THE SHAREHOLDERS OF
EASY ONE FINANCIAL GROUP LIMITED
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Easy One Financial Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 58 to 143, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(continued)*

Impairment assessment of loan and account receivables

Refer to note 19 and 26 in the Group financial statements

Key audit matter	How our audit addressed the key audit matter
The Group has loan receivables of approximately HK$433,097,000 and account receivables of approximately HK$114,256,000. Management judgement is required in assessing and determining the recoverability of loan and account receivables and adequacy of allowance made. The judgement mainly includes estimating and evaluating expected future receipts from customers based on past payment trend, age of the debtors, knowledge of the customers' businesses and financial condition.	Our procedures in relation to management's impairment assessment on loan and account receivables included: • Discussing the Group's procedures on loan credit limits and repayment periods given to customers with the management; • Evaluating the basis of management's impairment assessment of loan receivables; • Assessing, validating and discussing with the management and evaluating their assessment on the recoverability of the outstanding debts and the adequacy of allowance made based on the loan and account receivables ageing analysis, collections subsequent to the end of the reporting period, past collection history and trend analysis and knowledge of the businesses, with focus on long outstanding debts and debts which are past due but not impaired; and • Checking on a sample basis, the accuracy and relevance of information included in the impairment assessment of loan and account receivables. We consider the management conclusion to be consistent with the available information.

Interest in an associate

Refer to note 18 in the Group financial statements

Key audit matter	How our audit addressed the key audit matter
The Group has significant interest in an associate, which are accounted for under the equity method. As at 31 March 2018, interest in an associate amounted to approximately HK$320,362,000. Management determines at the end of each reporting period the existence of any objective evidence through which the Group's interest in an associate may be impaired. The assessment of indicators of impairment and where such indicators exist and the determination of the recoverable amounts require significant judgement.	Our procedures in relation to the management's assessment of interest in an associate included: • Evaluation of the Group's assessments as to whether any indication of impairment exist by reference to the available information in the relevant market and industries; • Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge; and • Checking, on a sample basis, the accuracy and relevance of information included in the impairment assessment of interest in an associate. We consider the management conclusion to be consistent with the available information.

OTHER INFORMATION

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

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Wong Sze Wai, Basilia.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong, 20 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	6	**200,774**	265,470
Cost of sales		**(51,505)**	(129,195)
Gross profit		**149,269**	136,275
Other revenue and gain	6	**53,093**	46,790
Selling and distribution expenses		**(15,190)**	(18,202)
Administrative expenses		**(131,927)**	(91,489)
Finance costs	7	**(24,727)**	(12,480)
Net (loss)/gain on financial assets at fair value through profit or loss	8	**(103,332)**	26,433
Impairment loss on available-for-sale financial assets		**–**	(22,515)
Loss on deemed disposal of interest in an associate	18	**(15,982)**	–
Share of results of an associate	18	**(76,738)**	(213,111)
Loss before taxation	9	**(165,534)**	(148,299)
Taxation	12	**(9,762)**	(16,312)
Loss for the year		**(175,296)**	(164,611)
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Share of changes in other comprehensive income/(loss) in an associate		**52,139**	(66,370)
Exchange differences on translation of financial statements of overseas subsidiaries		**29,426**	(20,765)
Change in fair value of available-for-sale financial assets		**17,329**	7,853
Reclassification relating to impairment loss on available-for-sale financial assets		**–**	8,709
Other comprehensive income/(loss) for the year, net of tax		**98,894**	(70,573)
Total comprehensive loss for the year		**(76,402)**	(235,184)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	**2018 HK$'000**	2017 HK$'000
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(175,743)**	(168,871)
– Non-controlling interests		**447**	4,260
		(175,296)	(164,611)
Total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company		**(76,849)**	(239,444)
– Non-controlling interests		**447**	4,260
		(76,402)	(235,184)
Loss per share attributable to owners of the Company for the year			
– Basic and diluted	13	**HK(35.82) cents**	HK(36.36) cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	15	**5,946**	7,875
Property under development	16	**–**	73,628
Prepaid lease payments	17	**–**	19,943
Interest in an associate	18	**320,362**	232,004
Loan receivables	19	**143,823**	74,940
Available-for-sale financial assets	20	**55,224**	146,225
Financial assets at fair value through profit or loss	21	**96,484**	187,241
Intangible assets	22	**653**	653
Deposit paid	23	**500**	500
		622,992	743,009
Current assets			
Stock of properties	25	**548,049**	361,264
Loan receivables	19	**289,274**	387,655
Account receivables	26	**114,256**	68,882
Prepayments, deposits and other receivables	27	**54,523**	96,579
Financial assets at fair value through profit or loss	21	**35,333**	84,838
Cash and bank balances held in segregated accounts	28	**25,294**	7,687
Time deposits	29	**1,024**	13,481
Cash and bank balances	30	**281,747**	240,011
		1,349,500	1,260,397
Less: Current liabilities			
Account payables	31	**42,291**	31,228
Deposits received, accruals and other payables	32	**199,276**	176,577
Receipts in advance		**151,209**	142,910
Tax payable		**72,839**	77,516
Bank and other loans	33	**163,493**	62,674
Loans from related company	34	**100,000**	–
		729,108	490,905
Net current assets		**620,392**	769,492
Total assets less current liabilities		**1,243,384**	1,512,501

	Notes	2018 HK$'000	2017 HK$'000
Less: Non-current liabilities			
Bank and other loans	33	**80,343**	104,235
Loans from related company	34	**–**	80,000
Loans from non-controlling interests	35	**–**	73,500
		80,343	257,735
Net assets		**1,163,041**	1,254,766
Capital and reserves			
Share capital	37	**5,564**	4,644
Reserves		**1,157,477**	1,245,975
Equity attributable to owners of the Company		**1,163,041**	1,250,619
Non-controlling interests		**–**	4,147
Total equity		**1,163,041**	1,254,766

Approved by the Board of Directors on 20 June 2018 and signed on its behalf by:

Chan Chun Hong, Thomas
Director

Stephanie
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Attributable to owners of the Company											
	Share capital HK$'000	**Share premium** HK$'000	**Contributed surplus** (Note i) HK$'000	**Exchange fluctuation reserve** HK$'000	**Other reserve** (Note ii) HK$'000	**Revaluation reserve** HK$'000	**Share options reserve** HK$'000	**Statutory reserve fund** (Note iii) HK$'000	**Retained profits** HK$'000	**Subtotal** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 April 2016	46,443	407,424	714,069	39,291	(4,240)	(15,837)	–	28,430	231,284	1,446,864	(113)	1,446,751
(Loss)/profit for the year	–	–	–	–	–	–	–	–	(168,871)	(168,871)	4,260	(164,611)
Other comprehensive (loss)/income for the year	–	–	–	(87,135)	–	16,562	–	–	–	(70,573)	–	(70,573)
Total comprehensive (loss)/income for the year	–	–	–	(87,135)	–	16,562	–	–	(168,871)	(239,444)	4,260	(235,184)
Share premium cancellation	–	(407,424)	407,424	–	–	–	–	–	–	–	–	–
Capital reorganisation (Note 37)	(41,799)	–	41,799	–	–	–	–	–	–	–	–	–
Share of other reserve in an associate	–	–	–	–	43,199	–	–	–	–	43,199	–	43,199
At 31 March 2017 and 1 April 2017	4,644	–	1,163,292	(47,844)	38,959	725	–	28,430	62,413	1,250,619	4,147	1,254,766
(Loss)/profit for the year	–	–	–	–	–	–	–	–	(175,743)	(175,743)	447	(175,296)
Other comprehensive income for the year	–	–	–	81,565	–	17,329	–	–	–	98,894	–	98,894
Total comprehensive income/(loss) for the year	–	–	–	81,565	–	17,329	–	–	(175,743)	(76,849)	447	(76,402)
Placing of shares (Note 37)	920	20,700	–	–	–	–	–	–	–	21,620	–	21,620
Transaction cost relating to placing of shares	–	(692)	–	–	–	–	–	–	–	(692)	–	(692)
Equity-settled share-based payments expenses (Note 38)	–	–	–	–	–	–	3,341	–	–	3,341	–	3,341
Acquisition of non-controlling interests (Note 47)	–	–	–	–	(16,706)	–	–	–	–	(16,706)	(4,594)	(21,300)
Share of other reserve in an associate	–	–	–	–	(18,292)	–	–	–	–	(18,292)	–	(18,292)
At 31 March 2018	**5,564**	**20,008**	**1,163,292**	**33,721**	**3,961**	**18,054**	**3,341**	**28,430**	**(113,330)**	**1,163,041**	**-**	**1,163,041**

Notes:

(i) Contribution surplus account represents the cancellation of the share premium account of the Company before the change of domicile and the reduction of paid-up capital of the Company under capital reorganisation.

(ii) Other reserve represents the share of the changes in the associate's ownership interests and the amount arising from acquisition of the remaining interest in a non wholly-owned subsidiary.

(iii) According to the relevant People's Republic of China (the "**PRC**") regulations applicable to the PRC group companies which are foreign investment enterprises, each of these subsidiaries is required to allocate a certain portion (not less than 10%) of its profit after tax, as determined in accordance with the PRC Accounting Regulations, to the statutory reserve fund until such reserve reaches 50% of its registered capital.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(165,534)**	(148,299)
Adjustments for:			
Depreciation of owned property, plant and equipment	15	**5,094**	3,304
Net loss on disposal of property, plant and equipment	9	**3**	–
Interest income	6	**(24,782)**	(27,401)
Dividend income	6	**(3,361)**	(3,799)
Finance costs	7	**24,727**	12,480
Net loss/(gain) on financial assets at fair value through profit or loss	8	**103,332**	(26,433)
Impairment loss on available-for-sale financial assets		**–**	22,515
Impairment loss on loan receivables	19	**19,299**	11,904
Impairment loss on interest receivables	27	**1,431**	908
Equity-settled share-based payments expenses		**3,341**	–
Loss on deemed disposal of interest in an associate		**15,982**	–
Share of results of an associate		**76,738**	213,111
Gain on early redemption of unlisted bonds		**(1,250)**	(688)
Operating profit before working capital changes		**55,020**	57,602
Decrease in stock of properties		**78,909**	66,822
Increase in account receivables		**(45,374)**	(68,882)
Decrease/(increase) in loan receivables		**10,199**	(384,999)
Decrease in prepayments, deposits and other receivables		**4,793**	13,296
Increase in financial assets at fair value through profit or loss		**–**	(129,456)
Increase in cash and bank balances held in segregated accounts		**(17,607)**	(7,687)
Increase in account payables		**11,063**	31,228
Increase/(decrease) in deposits received, accruals and other payables		**21,540**	(18,617)
(Decrease)/increase in receipts in advance		**(6,594)**	147,266
Cash generated from/(used in) operations		**111,949**	(293,427)
The PRC corporate income tax paid		**(12,001)**	(10,373)
Hong Kong profits tax (paid)/ refund		**(3,930)**	4
Net cash generated from/(used in) operating activities		**96,018**	(303,796)

	Notes	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**29,420**	2,225
Dividend income received		**3,361**	3,799
Net proceeds from disposal of property, plant and equipment		**12**	–
Purchase of property, plant and equipment		**(3,087)**	(4,878)
Property under development paid		**(88,484)**	(29,737)
Proceeds from early redemption of convertible notes and unlisted bonds		**147,000**	40,000
Additional investment in an associate		**(147,231)**	–
Acquisition of the remaining interest in a non wholly-owned subsidiary		**(21,300)**	–
Repayment of loan to an associate		**–**	100,000
Purchase of available-for-sale financial assets		**–**	–
Net cash (used in)/generated from investing activities		**(80,309)**	111,409
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(23,658)**	(10,895)
Placing of shares		**20,928**	–
Proceeds from bank and other loans		**75,700**	–
Proceeds from loans from related companies		**220,000**	80,000
Proceeds from loans from non-controlling interests		**–**	53,900
Repayment of bank and other loans		**(10,712)**	(89,120)
Repayment of loans from related company		**(200,000)**	–
Repayment of loans from non-controlling interests		**(73,500)**	–
Net cash generated from financing activities		**8,758**	33,885
Net increase/(decrease) in cash and cash equivalents		**24,467**	(158,502)
Cash and cash equivalents at the beginning of the year		**253,492**	399,243
Effects of exchange rate changes on the balance of cash held in foreign currencies		**4,812**	12,751
Cash and cash equivalents at the end of the year		**282,771**	253,492
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**281,747**	240,011
Time deposits		**1,024**	13,481
		282,771	253,492

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

1. CORPORATE INFORMATION

Easy One Financial Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. On 31 July 2014, the Company has been deregistered in the Cayman Islands and continued in Bermuda as an exempted company with limited liability under the laws of Bermuda. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The principal place of business of the Company in Hong Kong is located at Suite 3202, 32/F, Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong. The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise the property development in the PRC, provision of finance and securities brokerage services in Hong Kong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which also include Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand ("**HK$'000**") except when otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumption that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 3 to the consolidated financial statements.

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

Application of new and revised HKFRSs

In the current year, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("**new HKFRSs**") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2017.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements 2014 – 2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior year and/or on the disclosure set out in these consolidated financial statements.

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

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

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

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

Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied the amendments to HKAS 7 Disclosure Initiative for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes.

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

A reconciliation between the opening and closing balances of these items is provided in note 30 to the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note to the financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements. Except as described above, the application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9

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

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

HKFRS 9 Financial Instruments *(continued)*

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

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Classification and measurement

- The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available-for-sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

Impairment

- In general, the directors also anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group. The directors anticipate that the application of the expected credit loss model of HKFRS 9 will have impact to the opening accumulated losses at 1 April 2018. However, it is not practical to provide a reasonable estimate of the effect until the Group performs a detailed review.

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

HKFRS 9 Financial Instruments *(continued)*

Except for abovementioned, the Directors anticipate that the adoption of HKFRS 9 in the future will not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 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 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

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

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

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

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases 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, except for short-term leases and leases of low value assets.

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

HKFRS 16 Leases *(continued)*

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows, respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

As at 31 March 2018, the Group had total future minimum lease payments under non-cancellable operating leases of approximately HK$12,097,000 (2017: HK$12,698,000) as disclosed in Note 40. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

Except as discussed above, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements of the Group in the future.

Basis of preparation

The measurement basis used in the preparation of the consolidated financial statements is historical cost convention except for certain financial assets which have been carried at fair value as explained below.

The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the same as the functional currency of the Company.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) for the year ended 31 March 2017. Control is achieved where the Company:

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

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

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

Basis of consolidation *(continued)*

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

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

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

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

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

Basis of consolidation *(continued)*

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

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

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

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

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

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

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

Business combinations *(continued)*

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

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

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

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

Subsidiaries

A subsidiary is an entity whose financial and operating policies under the Company's control, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Interest in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

Interest in associates *(continued)*

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Acquisition or deemed acquisition of additional interests in associates

On acquisition or deemed acquisition of additional interests in associates, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of that associate attributable to the additional interests obtained is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities attributable to the additional interests obtained over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Disposal or deemed disposal of partial interests in associates

On disposal or deemed disposal of partial interests in associates without losing significant influence, the difference between the carrying values of the underlying assets and liabilities attributable to the interests disposed of, or deemed to be disposed of and the consideration received, if any, is credited or charged to the profit or loss as gain/loss on disposal or deemed disposal of interests in associates. In addition, the Group reclassifies to profit or loss in relation to the partial interests disposed of a proportionate amount of the gain or loss previously recognised in other comprehensive income if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business or jointly-controlled entity at the date of the acquisition. Such goodwill is carried at cost less any accumulated impairment losses, if any.

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

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

Goodwill *(continued)*

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its location and working condition for its intended use. Expenses incurred after item of property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that assets or as a replacement.

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

Furniture, fixtures and equipment	10 – $33\frac{1}{3}$%
Leasehold improvements	Over the lease terms
Motor vehicles	10 – $33\frac{1}{3}$%
Machineries	20 – $33\frac{1}{3}$%

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net proceeds and the carrying amount of the relevant assets.

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

Properties under development

Properties under development classified as non-current assets when the construction of the relevant properties commences and the construction period of relevant property development project is expected to complete beyond normal operating cycle.

Development cost of properties under development comprise leasehold land, construction costs and interest costs capitalised for qualifying assets and professional fees incurred during the development period, less any write downs to net realisable value.

The leasehold land are in the course of development, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortization charge provided for the leasehold land is included as part of costs of properties under development.

When the construction of relevant property development project is expected to complete within one year, the properties under development are transferred to stock of properties.

Interest in leasehold land

Interest in leasehold land represents prepaid lease payment made for leasehold land. Interest in leasehold land is stated at cost less subsequent accumulated amortisation and any accumulated impairment losses. The cost of interest in leasehold land are amortised on a straight-line basis over the shorter of relevant interest in leasehold land or the operation period of the relevant company.

Impairment of non-financial assets (other than goodwill)

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

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

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

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

Impairment of non-financial assets (other than goodwill) *(continued)*

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

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

Stock of properties

Stock of properties comprise of properties under development and completed properties held for sale, which are held for trading is stated at the lower of cost and net realisable value. On completion, the properties under development are transferred to completed properties held for sale.

Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less applicable variable selling expenses, or by management estimates based on the prevailing market condition.

Financial instruments

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

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

Financial assets

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

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

Financial instruments *(continued)*

Financial assets (continued)

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other revenue" line item in the consolidated statement of profit or loss.

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

Financial instruments *(continued)*

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including loan receivables, account receivables, other receivables, time deposits, cash and bank balances held in segregated accounts and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment. Loan receivable are property mortgage loans and personal loans granted to customers in the ordinary course of business. If collection of loan receivable is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

AFS financial assets

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

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

Impairment of financial assets

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

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

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

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

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets *(continued)*

For certain categories of financial asset, such as account receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the consolidated statement of profit or loss.

Other financial liabilities

Other financial liabilities (including account payables, other payables, bank and other loans, loans from related companies and loans from non-controlling interests) are subsequently measured at amortised cost using the effective interest method.

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

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that hand been recognised in the other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all cost of purchase and, where applicable, other cost those has been incurred in bringing the inventories to their present location and condition, is determined on a first-in-first-out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand and at banks.

Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Income tax

Income tax for the year comprises current tax and deferred tax. Income tax is recognised in the consolidated statement of profit or loss or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose.

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

Income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

Revenue recognition

Revenue is provided when it is probable that economic benefits will flow to the Group and the when the revenue can be measured reliably, on the following bases:

- From the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

- Interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

- Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

- Revenue from sale of completed properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position as receipt in advance from customers under current liabilities.

- Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed.

- Handling and settlement fee income are recognised when the related services are rendered.

- Placing and underwriting commission is recognised in accordance with the terms of the underlying agreement or deal mandate when the relevant significant act has been completed.

Leases

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

The Group as lessor

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. No accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward as the amount is immaterial.

Retirement benefits scheme

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

The employees of the Group's subsidiaries which operate in mainland China are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Share options scheme

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

During the vesting periods, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated statement of profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expenses is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to achieving conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed in the consolidated statement of profit or loss in the period in which they are incurred.

Related parties transactions

A party is considered to be related to the Group if:

(i) A person or entity that is preparing the consolidated financial statements of the Group.

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

  (a) has control or joint control over the Group;

  (b) has significant influence over the Group; or

  (c) is a member of the key management personnel of the Group or of a parent of the reporting entity.

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

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

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

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

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

  (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

  (f) The entity is controlled or jointly controlled by a person identified in (i).

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

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

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

Related parties transactions *(continued)*

Close family members of an individual are those family members who may be expected to influence, or be inflecting by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Current assets and current liabilities

Current assets are expected to be realised within twelve months of the date of the reporting period or in the normal course of the Group's operating cycle. Current liabilities are expected to be settled within twelve months of the date of the reporting period or in the normal course of the Group's operating cycle.

Foreign currencies

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

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

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

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

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

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

Foreign currencies *(continued)*

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

Segment reporting

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

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

Financial guarantee contracts

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for property purchasers and to certain subsidiaries of the Company.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initially recognition, such liabilities are measured at the higher of the present value of the best estimate of expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation of fees recognised in accordance with HKAS 18.

Financial guarantee liabilities are derecognised from the consolidated statement of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

Non-current assets held for sale

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

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

Non-current assets held for sale *(continued)*

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

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint control over the joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with HKAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

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

Intangible assets

Intangible assets acquired separately

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

Intangible assets with indefinite useful life carried at cost less accumulated impairment loss.

Intangible assets acquired in a business combination

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

The Group has recognised revenue from the sales of stock of properties as disclosed in Note 6. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in Note 44 to the consolidated financial statements, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will normally be discharged upon issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties. In order to obtain mortgages, the purchasers would have settled no less than 30% of the total contract amount in accordance with related PRC regulations upon signing the sales contract. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. Further disclosed in Note 4(b) to the consolidated financial statements, the credit risk of the Group under the circumstance that a purchaser defaults on the payment of its mortgage during the term of the guarantee is very low. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Critical judgements in applying accounting policies *(continued)*

Impairment of account and loan receivables

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for account receivable are made based on credit status of the customers, the aged analysis of the account receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the consolidated statement of comprehensive income. Changes in the collectability of account receivables for which provision are not made could affect the results of operations.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash-generating unit is determined based on value in use calculations which require the use of assumptions and estimates.

Estimates for net realisable value of properties under development and properties held for sale

The Group assesses the carrying amounts of properties under development and properties held for sale according to their net realisable value based on the reliability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land cost). Net realisable value for properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market condition, less applicable variable selling expenses. Based on management's best estimates, there is no material impairment for properties under development and properties held for sale at 31 March 2018.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Key sources of estimation uncertainty *(continued)*

Impairment loss on available-for-sale investments

In determining whether there is objective evidence of impairment in relation to the Group's available-for-sale investments financial instrument, the Group takes into consideration significant or prolonged decline in the market prices below the respective costs. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the consolidated statement of profit or loss.

Income tax

The Group is subject to income taxes in Hong Kong and mainland China. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

PRC land appreciation taxes

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

Impairment of associate

In considering the impairment that may be required for the Group's associate, recoverable amount of the associate needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value-in-use. It is difficult to precisely estimate selling price because quoted market prices for the associate may not be readily available. In determining the value-in-use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of sales volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling price and amount of operating costs.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Key sources of estimation uncertainty *(continued)*

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purpose. The Directors determine the approximate valuation techniques and inputs for fair value measurements. The valuation is performed at the end of the reporting period. Where there is material change in the fair value of the assets, the cause of the fluctuation will be reported to the management of the Group.

In estimating the fair value of an asset, the Group uses market-observable data to the extent they are available. When Level 1 inputs are not available, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of financial instruments. Detailed information about the valuation techniques and inputs used in the determination of the fair value of financial assets is disclosed in Note 4(c).

Share options scheme

As mentioned in Note 2 to the consolidated financial statements, the Group has granted share options to its directors. The directors have adopted the binomial model to determine the total fair value of the options granted, which is to be expensed over the respective vesting periods. Significant judgement on parameters, such as risk free rate, dividend yield and expected volatility, is required to be made by the directors in applying the binomial model (Note 38).

The fair value of share options granted to directors during the year determined using the binomial model was approximately HK$3,341,000 (2017: Nil).

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**865,290**	805,667
Available-for-sale financial assets	**55,224**	146,225
FVTPL	**131,817**	272,079
Financial liabilities		
Amortised cost	**585,403**	525,402

(b) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are market risk (including interest rate risk, foreign exchange risk and other price risk), credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices.

Market risk exposures are measured by sensitivity analysis.

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

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk (continued)

Interest rate risk management

The Group's interest rate risk arises from interest-bearing borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group did not enter into interest rate swap to hedge against its exposures to changes in fair values of the borrowings.

The Group's cash flow interest rate risk relates primarily to floating rate bank loans. It is the Group's policy to keep its bank borrowings at floating rate of interest so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollars denominated borrowings and prevailing market rates quoted by the PRC arising from the Group's Renminbi denominated borrowings.

Sensitivity analysis on floating rate bank loans

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate bank balances and borrowings at the end of the reporting period. The analysis is prepared assuming the bank balances and borrowings outstanding at the end of the reporting period were outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

- net loss for the year ended 31 March 2018 would increase/decrease by approximately HK$345,000 (2017: approximately HK$433,000). This is mainly attributable to the Group's exposure to interest rates on its floating rate bank balances and borrowings.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Foreign exchange risk management

The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars and Renminbi. Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities. The Group has no significant direct exposure to foreign currencies as most of the commercial transactions, assets and liabilities are denominated in a currency same as the functional currency of each entity of the Group.

Other price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities in The Stock Exchange of Hong Kong Limited.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk (continued)

Sensitivity analysis on other price risk

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is increased to 10% in the current year as a result of the volatile financial market.

If equity prices had been 10% higher/lower:

- net loss for the year ended 31 March 2018 would decrease/increase by approximately HK$13,182,000 (2017: approximately HK$27,208,000). This is mainly due to the changes in fair value of held-for-trading investments.

Credit risk

As at 31 March 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has put in place policies to ensure that sales of products are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Provision of securities brokerage services

In order to manage the credit risk in the account receivables due from clients arising from business dealing in securities, individual credit evaluations are performed on all clients. Account receivables from cash clients generally settled in two days after trade date, credit risk arising from account receivables due from cash clients is considered minimal. In addition, the Group review the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significant reduced. Market conditions and adequacy of securities collateral are monitored by the management on a daily basis.

In respect of amounts receivable from clearing houses, credit risks are considered low as the Group normally enters into transactions with clearing houses which are registered with regulatory bodies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk

The Group's liquidity risk management includes diversifying the funding sources. Internally generated cash flow, issuance of shares and interest-bearing bank loans during the year are the general source of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. For non-derivative financial liabilities, the table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows.

At 31 March 2018

	Weighted average effective interest rate %	On demand or within 1 year HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities					
Account and other payables	-	(241,567)	-	(241,567)	(241,567)
Bank loans	4.8	(154,103)	(86,616)	(240,719)	(213,836)
Other loans	8.0	(30,940)	-	(30,940)	(30,000)
Loans from related company	6.5	(103,330)	-	(103,330)	(100,000)
		(529,940)	(86,616)	(616,556)	(585,403)

At 31 March 2017

	Weighted average effective interest rate %	On demand or within 1 year HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities					
Account and other payables	–	(204,993)	–	(204,993)	(204,993)
Bank loans	5.5	(66,056)	(109,253)	(175,309)	(166,909)
Loans from related company	6.5	–	(87,800)	(87,800)	(80,000)
Loans from non-controlling interests	–	–	(73,500)	(73,500)	(73,500)
		(271,049)	(270,553)	(541,602)	(525,402)

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(c) Fair value of financial instruments

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

(i) the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid and ask prices respectively;

(ii) the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs); and

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(c) Fair value of financial instruments *(continued)*

Fair value of the Group's financial assets that are measured at fair value on recurring basis

The following table gives information about how the fair value of these financial assets is determined in particular, the valuation technique and input used.

	Fair value as at 31 March		Fair value hierarchy	Valuation techniques and key inputs
	2018 HK$'000	2017 HK$'000		
Financial assets				
FVTPL				
– listed equity securities at market value	**27**	77,516	level 1	Quoted bid price in an active market
– listed equity securities suspended from trading	**27,986**	–	level 3	Market approach with adjusted EV-to-EBITDA ratio of approximately 18.9 times, discount rate for lack of marketability of approximately 10.2% and discount rate for lack of control of approximately 16.7%
– unlisted bond fund	**7,320**	7,322	level 1	Indicative market price provided by financial institutions
– convertible notes	**96,484**	187,241	level 3	Binomial model with discount rate of approximately 11.5% (2017: approximately 12.3%)
Available-for-sale				
– unlisted bonds	**-**	109,055	level 3	Discounted cash flow valuation with discount rate for credit risk of approximately 9.1%
– listed equity securities	**55,224**	37,170	level 1	Quoted bid price in an active market

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(c) Fair value of financial instruments *(continued)*

	31 March 2018			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets				
FVTPL				
– listed equity securities	**27**	**–**	**27,986**	**28,013**
– unlisted bond fund	**7,320**	**–**	**–**	**7,320**
– convertible notes	**–**	**–**	**96,484**	**96,484**
Available-for-sale				
– listed equity securities	**55,224**	**–**	**–**	**55,224**
Total	**62,571**	**–**	**124,470**	**187,041**

	31 March 2017			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets				
FVTPL				
– listed equity securities	77,516	–	–	77,516
– unlisted bond fund	7,322	–	–	7,322
– convertible notes	–	–	187,241	187,241
Available-for-sale				
– unlisted bonds	–	–	109,055	109,055
– listed equity securities	37,170	–	–	37,170
Total	122,008	–	296,296	418,304

There were no transfers between Level 1 and 2 in both years.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(c) Fair value of financial instruments *(continued)*

The movements in fair value measurements in Level 3 during the year are as follows:

	HK$'000
At 1 April 2016	139,900
Additions	140,000
Early redemption of unlisted bonds	(40,000)
Total gain in profit or loss	48,543
Total gain in other comprehensive income	7,853
At 31 March 2017 and 1 April 2017	296,296
Early redemption of convertible notes and unlisted bonds	(147,000)
Transfer from level 1 to level 3 (Note)	43,125
Total loss in profit or loss	(67,226)
Total gain in other comprehensive income	(725)
At 31 March 2018	**124,470**

Note:

The transfer from level 1 to level 3 was due to the suspension of share trading of listed equity securities held by the Group during the year. The Group's policy is to recognise transfers into and out of Level 3 as at the date of event on change in circumstances that caused the transfer.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(d) Financial assets and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("**HKSCC**"), the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC on the same settlement date and the Group intends to settle on a net basis.

	31 March 2018					
	Gross amount of recognised financial assets/ (liabilities) HK$'000	Gross amounts of recognised financial assets/ (liabilities) set off in the consolidated statement of financial position HK$'000	Net amount of financial assets/ (liabilities) presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position: Financial instruments HK$'000	Related amounts not set off in the consolidated statement of financial position: Collateral received HK$'000	Net amount HK$'000
Financial assets						
Account receivables						
– Clearing house	2,056	-	2,056	-	-	2,056
Financial liabilities						
Account liabilities						
– Clearing house	(4,303)	-	(4,303)	-	-	(4,303)

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(d) Financial assets and financial liabilities offsetting *(continued)*

31 March 2017

	Gross amount of recognised financial assets/ (liabilities) HK$'000	Gross amounts of recognised financial assets/ (liabilities) set off in the consolidated statement of financial position HK$'000	Net amount of financial assets/ (liabilities) presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position: Financial instruments HK$'000	Related amounts not set off in the consolidated statement of financial position: Collateral received HK$'000	Net amount HK$'000
Financial assets						
Account receivables						
– Clearing house	10,394	–	10,394	–	–	10,394
Financial liabilities						
Account liabilities						
– Clearing house	(13,206)	–	(13,206)	–	–	(13,206)

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(e) Capital risk management

The Group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt (i.e. interest-bearing loans) and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

Gearing ratio

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The ratio is calculated based on net debt and total equity.

The gearing ratio at the end of the reporting period was as follows:

	2018 HK$'000	2017 HK$'000
Total debt (Note)	**343,836**	320,409
Less: Time deposits	**(1,024)**	(13,481)
Cash and bank balances	**(281,747)**	(240,011)
Net debt	**61,065**	66,917
Total equity	**1,163,041**	1,254,766
Gearing ratio	**5.3%**	5.3%

Note:

Total debt comprises bank and other loans, loans from related company and loans from non-controlling interests as detailed in Notes 33, 34 and 35 to the consolidated financial statements respectively.

In addition, one subsidiary of the Group is licensed by the Securities and Futures Commission (the "**SFC**") and is obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("**FRR**") adopted by the SFC under the FRR, a regulated entity must maintain liquid capital assets and liabilities adjusted as determined by FRR in excess of HK$3 million or 5% of the total adjusted liabilities, whichever is higher. The subsidiary has complied with the liquid capital requirements imposed by the FRR during the year.

5. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group operating and reportable segment under HKFRS 8 is therefore as follows:

- Property development operation
- Provision of finance business operation
- Provision of brokerage services operation

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

2018

	Property development operation HK$'000	Provision of finance business operation HK$'000	Provision of brokerage services operation HK$'000	Total HK$'000
Segment revenue	101,903	79,397	19,474	200,774
Segment results	33,607	16,641	4,096	54,344
Unallocated interest income and gain				23,332
Corporate and other unallocated expenses				(22,431)
Finance costs				(24,727)
Net loss on financial assets at fair value through profit or loss ("**FVTPL**")				(103,332)
Loss on deemed disposal of interest in an associate				(15,982)
Share of results of an associate				(76,738)
Loss before taxation				(165,534)

5. SEGMENT INFORMATION *(continued)*

2017

	Property development operation HK$'000	Provision of finance business operation HK$'000	Provision of brokerage services operation HK$'000	Total HK$'000
Segment revenue	214,850	49,647	973	265,470
Segment results	52,800	12,132	(4,780)	60,152
Unallocated interest income and gain				30,069
Corporate and other unallocated expenses				(16,847)
Finance costs				(12,480)
Net gain on financial assets at FVTPL				26,433
Impairment loss on available-for-sale financial assets				(22,515)
Share of results of an associate				(213,111)
Loss before taxation				(148,299)

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the year (2017: Nil).

Segment results represents the profit earned/(loss incurred) by each segment without allocation of corporate expenses including directors' salaries, finance costs, share of results of an associate, loss on deemed disposal of interest in an associate, net (loss)/gain on financial assets at FVTPL and impairment loss on available-for-sale financial assets. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

5. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

	2018 HK$'000	2017 HK$'000
Segment assets		
Property development operation	679,147	726,858
Provision of finance business operation	523,506	509,345
Provision of brokerage services operation	179,606	90,074
Total segment assets	1,382,259	1,326,277
Unallocated	590,233	677,129
Consolidated assets	1,972,492	2,003,406
Segment liabilities		
Property development operation	615,256	547,464
Provision of finance business operation	34,979	77,083
Provision of brokerage services operation	44,964	31,712
Total segment liabilities	695,199	656,259
Unallocated	114,252	92,381
Consolidated liabilities	809,451	748,640

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

- all assets are allocated to reportable segments other than interest in an associate, financial assets at FVTPL, available-for-sale financial assets and corporate assets.
- all liabilities are allocated to reportable segments other than corporate liabilities.

5. SEGMENT INFORMATION *(continued)*

Other segment information

	Property development operation		Provision of finance business operation		Provision of brokerage services operation		Unallocated		Total	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Depreciation of owned property, plant and equipment	**1,716**	1,420	**2,012**	1,172	**1,366**	712	**-**	–	**5,094**	3,304
Additions to non-current assets	**578**	29,880	**2,313**	2,005	**196**	2,730	**-**	–	**3,087**	34,615
Loss on disposal of property, plant and equipment	**-**	–	**-**	–	**-**	–	**3**	–	**3**	–
Net loss/(gain) on financial assets at FVTPL	**-**	–	**-**	–	**-**	–	**103,332**	(26,433)	**103,332**	(26,433)
Reversal of impairment loss on loan receivables	**-**	–	**(407)**	–	**-**	–	**-**	–	**(407)**	–
Impairment loss on loan receivables	**-**	–	**19,299**	11,904	**-**	–	**-**	–	**19,299**	11,904
Impairment loss on interest receivables	**-**	–	**1,113**	908	**-**	–	**-**	–	**1,113**	908
Impairment loss on available-for-sale financial assets	**-**	–	**-**	–	**-**	–	**-**	22,515	**-**	22,515
Gain on early redemption of unlisted bonds	**-**	–	**-**	–	**-**	–	**(1,250)**	(688)	**(1,250)**	(688)
Loss on deemed disposal of interest in an associate	**-**	–	**-**	–	**-**	–	**15,982**	–	**15,982**	–
Equity-settled share-based payments expenses	**-**	–	**-**	–	**-**	–	**3,341**	–	**3,341**	–

5. SEGMENT INFORMATION *(continued)*

Revenue from major products and services

The Group's revenue from its major products and services was as follows:

	2018 HK$'000	2017 HK$'000
Segment revenue		
Sales of stock of properties	**101,903**	214,850
Interest income from loan financing	**79,397**	49,647
Interest income from margin clients and initial public offer financing	**5,115**	–
Commission and fee income from brokerage services	**3,866**	844
Placing and underwriting commission	**10,493**	129
	200,774	265,470

Geographical information

The Group operates in two principal geographical areas – the People's Republic of China (the "**PRC**") and Hong Kong.

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

	Revenue from external customers Year ended		Non-current assets* As at	
	31 March 2018 HK$'000	31 March 2017 HK$'000	31 March 2018 HK$'000	31 March 2017 HK$'000
PRC	**101,903**	214,850	**930**	95,437
Hong Kong	**98,871**	50,620	**5,516**	6,509
	200,774	265,470	**6,446**	101,946

* Non-current assets exclude those relating to the interest in an associate, available-for-sale financial assets, financial assets at FVTPL, loan receivables and intangible assets at 31 March 2018 and 2017.

Information about major customers

For the year ended 31 March 2018, no single customer of the Group contributed 10% or more to the total revenue of the Group (2017: one customer contributed approximately HK$30,169,000 for which the amount was over 10%).

6. REVENUE AND OTHER REVENUE AND GAIN

Revenue represents sales of stock of properties, interest income earned, commission and fee income from brokerage services. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's revenue and other revenue and gain for the year is as follows:

	2018 HK$'000	2017 HK$'000
Revenue		
Sales of stock of properties	101,903	214,850
Interest income from loan financing	79,397	49,647
Interest income from margin clients and initial public offer financing	5,115	–
Commission and fee income from brokerage services	3,866	844
Placing and underwriting commission	10,493	129
	200,774	265,470
Other revenue and gain		
Rental income	19,361	14,518
Interest income on bank deposits	1,713	1,299
Interest income on convertible notes	9,720	4,715
Interest income on unlisted bonds	8,836	13,820
Interest income on an interest-bearing loan to an associate	–	6,641
Interest income from cash clients	4,513	926
Dividend income on listed securities	3,361	3,799
Handling fee	249	24
Gain on early redemption of unlisted bonds	1,250	688
Sundry income	4,090	360
	53,093	46,790

Other revenue and gain from financial assets is analysed as follows:

	2018 HK$'000	2017 HK$'000
Loans and receivables (including cash and bank balances)	6,226	8,866
Available-for-sale financial assets	10,086	14,508
Convertible notes	9,720	4,715
Dividend income on listed securities	3,361	3,799
	29,393	31,888

7. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on interest-bearing bank loans wholly repayable within five years	**9,286**	14,220
Interest on interest-bearing loans wholly repayable within five years	**15,441**	1,585
	24,727	15,805
Less: Amounts capitalised in the cost of property under development	**–**	(3,325)
	24,727	12,480

No interest was capitalised for the year ended 31 March 2018 and the weighted average capitalisation rate on funds borrowed generally was 6.01% per annum for the year ended 31 March 2017.

8. NET (LOSS)/GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$'000	2017 HK$'000
Unrealised loss on financial assets at FVTPL	**(103,332)**	(7,090)
Realised gain on financial assets at FVTPL	**–**	33,523
	(103,332)	26,433

9. LOSS BEFORE TAXATION

Loss before taxation is stated at after charging/(crediting):

	2018 HK$'000	2017 HK$'000
Cost of completed properties sold	**31,004**	86,043
Business taxes and other levies	**5,755**	12,137
Commission paid to brokers and others	**8,758**	491
Auditors' remuneration		
– audit services	**1,450**	1,450
– other services	**818**	280
Depreciation of owned property, plant and equipment	**5,094**	3,304
Exchange (gain)/losses	**(745)**	831
Reversal of impairment loss on loan receivables	**(407)**	–
Impairment loss on loan receivables	**19,299**	11,904
Impairment loss on interest receivables	**1,113**	908
Minimum lease payments under operating leases for land and buildings	**6,761**	9,613
Net loss on disposal of property, plant and equipment	**3**	–
Salaries and other short-term employee benefits (excluding directors' remuneration)	**44,430**	32,479
Equity-settled share-based payments expenses (excluding directors' equity-settled share-based payments expenses)	**602**	–
Retirement benefits scheme contributions (excluding directors' retirement benefits scheme contributions)	**1,997**	1,914
	47,029	34,393

10. DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Disclosure of Information about Benefits of Directors) Regulations (Cap. 622G) are as follows:

The remuneration of every director for the years ended 31 March 2018 and 2017 is set out below:

Name of director	Salaries and other benefits HK$'000	Share options HK$'000	Director's fee HK$'000	Provident fund contributions HK$'000	Total HK$'000
2018					
Executive directors					
Mr. Chan Chun Hong, Thomas *(Chairman and Managing Director)*	**2,060**	**913**	**-**	**18**	**2,991**
Ms. Stephanie	**1,026**	**913**	**-**	**18**	**1,957**
Mr. Cheung Wai Kai	**167**	**913**	**-**	**8**	**1,088**
Independent non-executive directors					
Mr. Sin Ka Man	**-**	**-**	**180**	**-**	**180**
Mr. Cheung Sau Wah, Joseph	**-**	**-**	**210**	**-**	**210**
Mr. Wong Hung Tak (appointed on 27 November 2017)	**-**	**-**	**61**	**-**	**61**
Mr. Yuen Kam Ho, George (retired on 29 August 2017)	**-**	**-**	**70**	**-**	**70**
	3,253	**2,739**	**521**	**44**	**6,557**
2017					
Executive directors					
Mr. Chan Chun Hong, Thomas *(Chairman and Managing Director)*	2,188	–	–	18	2,206
Mr. Cheung Wai Kai	166	–	–	9	175
Ms. Stephanie (appointed on 31 May 2016)	837	–	–	18	855
Independent non-executive directors					
Mr. Sin Ka Man	–	–	170	–	170
Mr. Yuen Kam Ho, George	–	–	170	–	170
Mr. Cheung Sau Wah, Joseph	–	–	200	–	200
	3,191	–	540	45	3,776

During the year, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office (2017: Nil). None of the directors has waived any emoluments during the year (2017: Nil).

11. FIVE HIGHEST PAID EMPLOYEES AND SENIOR MANAGEMENT

The aggregate emoluments of the five highest paid individuals included two (2017: two) executive directors of the Company, whose emoluments are included in Note 10 above. The aggregate emoluments of the remaining three (2017: three) highest paid individuals who is neither director nor senior management are as follows:

	2018 **HK$'000**	2017 HK$'000
Basic salaries and allowances	**8,387**	2,759
Retirement benefits scheme contributions	**54**	54
	8,441	2,813

The emoluments of the remaining highest paid individuals fall within the following bands:

	2018	2017
Nil to HK$1,000,000	**–**	3
HK$1,000,001 to HK$1,500,000	**–**	–
Over HK$1,500,000	**3**	–
	3	3

During the year, no emoluments were paid by the Group to the senior management, highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office (2017: Nil).

12. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The PRC corporate income tax has been provided at the rate of 25% (2017: 25%) on the estimated assessable profits arising in the PRC during the year.

	2018 **HK$'000**	2017 HK$'000
Current taxation:		
Hong Kong profits tax	**2,156**	2,112
PRC corporate income tax	**7,606**	14,200
Total tax charge for the year	**9,762**	16,312

12. TAXATION *(continued)*

The tax charge for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

2018

	Hong Kong		PRC		Total	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
(Loss)/profit before taxation	**(195,123)**		**29,589**		**(165,534)**	
Tax at the applicable income tax rate	**(32,195)**	**(16.5)**	**7,397**	**25.0**	**(24,798)**	**(15.0)**
Tax effect of income and expenses not taxable or deductible for tax purpose	**14,670**	**7.5**	**139**	**0.5**	**14,809**	**8.9**
Tax effect of tax losses utilised	**(767)**	**(0.4)**	**(282)**	**(0.9)**	**(1,049)**	**(0.6)**
Tax effect of tax losses not recognised	**20,448**	**10.5**	**352**	**1.1**	**20,800**	**12.6**
Tax charge at the effective tax rate for the year	**2,156**	**1.1**	**7,606**	**25.7**	**9,762**	**5.9**

2017

	Hong Kong		PRC		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
(Loss)/profit before taxation	(200,480)		52,181		(148,299)	
Tax at the applicable income tax rate	(33,079)	(16.5)	13,045	25	(20,034)	(13.6)
Tax effect of income and expenses not taxable or deductible for tax purposes	21,277	10.6	333	0.6	21,610	14.6
Temporary differences	3	–	–	–	3	–
Tax effect of tax losses not recognised	13,911	6.9	822	1.6	14,733	10.0
Tax charge at the effective tax rate for the year	2,112	1.0	14,200	27.2	16,312	11.0

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR

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

	2018 HK$'000	2017 HK$'000
Loss		
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	**(175,743)**	(168,871)

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**490,646,199**	464,432,500

The basic loss per share and diluted loss per share were the same for the year ended 31 March 2018. The effect of any assumed exercise of the Company's share options outstanding as at 31 March 2018 would be anti-dilutive and was not included in the calculation of diluted loss per share.

Diluted loss per share for the years ended 31 March 2017 was the same as the basic loss per share as there was no dilutive event existed.

14. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2018 and 2017.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2016	6,697	6,949	3,128	16,774
Additions	2,160	2,718	–	4,878
Exchange realignment	(308)	(75)	(118)	(501)
At 31 March 2017 and 1 April 2017	8,549	9,592	3,010	21,151
Additions	1,222	1,865	–	3,087
Disposals	(51)	–	(253)	(304)
Exchange realignment	510	119	189	818
At 31 March 2018	**10,230**	**11,576**	**2,946**	**24,752**
Accumulated depreciation				
At 1 April 2016	3,376	5,013	1,935	10,324
Charge for the year	1,651	1,212	441	3,304
Exchange realignment	(217)	(56)	(79)	(352)
At 31 March 2017 and 1 April 2017	4,810	6,169	2,297	13,276
Charge for the year	2,701	2,136	257	5,094
Disposals	(48)	–	(241)	(289)
Exchange realignment	474	99	152	725
At 31 March 2018	**7,937**	**8,404**	**2,465**	**18,806**
Carrying amounts				
At 31 March 2018	**2,293**	**3,172**	**481**	**5,946**
At 31 March 2017	3,739	3,423	713	7,875

16. PROPERTY UNDER DEVELOPMENT

	HK$'000
At 1 April 2016	47,308
Additions	29,737
Exchange realignment	(3,417)
At 31 March 2017 and 1 April 2017	73,628
Additions	16,759
Exchange realignment	2,832
Transfer to stock of properties	(93,219)
At 31 March 2018	**–**

Analysis of property under development:

	2018 HK$'000	2017 HK$'000
Amortisation of prepaid lease payments	**–**	2,908
Construction costs	**–**	70,720
	–	73,628

17. PREPAID LEASE PAYMENTS

	HK$'000
Cost	
At 1 April 2016	23,906
Exchange realignment	(1,391)
At 31 March 2017 and 1 April 2017	22,515
Exchange realignment	823
Transfer to stock of properties	(23,338)
At 31 March 2018	**–**
Accumulated amortisation	
At 1 April 2016	1,978
Charge for the year	394
Exchange realignment	(134)
At 31 March 2017 and 1 April 2017	2,238
Charge for the year	174
Exchange realignment	94
Transfer to stock of properties	(2,506)
At 31 March 2018	**–**
Carrying amounts	
At 31 March 2018	**–**
At 31 March 2017	20,277

The prepaid lease payments comprise of leasehold land situated in the PRC held under long-term leases.

Amortisation expense on prepaid lease payments of approximately HK$174,000 (2017: approximately HK$394,000) has been capitalised to property under development for the year.

Analysed for reporting purpose as:

	2018 HK$'000	2017 HK$'000
Current assets (included in prepayments, deposits and other receivables)	**–**	334
Non-current assets	**–**	19,943
	–	20,277

18. INTEREST IN AN ASSOCIATE

	2018 HK$'000	2017 HK$'000
Cost of investment in an associate		
– listed in Hong Kong	**667,958**	520,727
Share of results	**(321,394)**	(228,674)
Share of other comprehensive income	**(46,869)**	(99,008)
Share of other reserve	**20,667**	38,959
	320,362	232,004

An associate of the Group, China Agri-Products Exchange Limited ("**CAP**"), issued and allotted 380,000,000 and 115,500,000 conversion shares on 6 April 2017 and 19 April 2017 respectively due to the exercise of conversion rights under the convertible notes. The number of ordinary shares of CAP upon the exercise of conversion rights was 1,658,844,637 and the Group's interest in CAP decreased from approximately 28.76% to approximately 20.17%. An aggregate loss on deemed disposal of interest in CAP of approximately HK$15,982,000 was recognised and included in loss on deemed disposal of interest in an associate in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018.

On 19 December 2017, CAP raised gross proceeds of approximately HK$730 million by way of the rights issues. Pursuant to the rights issue, CAP issued and allotted 8,294,223,185 rights shares at the subscription price of HK$0.088 per rights share, on the basis of five rights shares for every one existing share. For details, please refer to the prospectus of CAP dated 27 November 2017 and the announcement of CAP dated 18 December 2017.

Details of the Group's associate which is held indirectly by the Company at 31 March 2018 are as follows:

Name of associate	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held		Proportion of voting power held		Principal activities
					2018	2017	**2018**	2017	
CAP	Limited company	Bermuda	HK and the PRC	Ordinary	**20.17%**	28.76%	**20.17%**	28.76%	Agricultural produce exchange market management and property sales

The financial year end date for CAP is 31 December. For the purpose of applying the equity method of accounting, the consolidated financial statements of CAP for the years ended 31 December 2017 and 2016 have been used and adjustments have been made for the effects of significant transactions that occur between that date and the date of the financial statements.

18. INTEREST IN AN ASSOCIATE (CONTINUED)

The summarised financial information in respect of the Group's interests in an associate is set out below:

	2018 HK$'000	2017 HK$'000
Revenue for the year	**790,059**	603,132
Loss for the year attributable to the owners of the associate	**(340,970)**	(740,997)
Loss for the year attributable to the Group	**(92,720)**	(213,111)
Other comprehensive income/(loss) for the year attributable to the Group	**52,139**	(66,370)
Total comprehensive loss for the year attributable to the Group	**(40,581)**	(279,481)
Non-current assets	**4,464,135**	4,290,646
Current assets	**1,647,341**	1,666,558
Non-current liabilities	**(2,270,178)**	(2,747,528)
Current liabilities	**(1,883,695)**	(2,050,670)
	1,957,603	1,159,006
Non-controlling interests	**(369,292)**	(353,390)
Total equity attributable to the owners of the associate	**1,588,311**	805,616
Net assets attributable to the Group	**320,362**	232,004

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2018 HK$'000	2017 HK$'000
Share of net assets of the associate	**320,362**	232,004
Net assets of the associate	**1,588,311**	805,616
Proportion of the Group's ownership interest	**20.17%**	28.76%

19. LOAN RECEIVABLES

The maturity profile of the loan receivables at the end of the reporting period, analysed by the maturity date, is as follows:

	2018 HK$'000	2017 HK$'000
Loan receivables:		
Within one year	**291,092**	399,559
Two to five years	**90,641**	46,223
Over five years	**57,249**	28,717
	438,982	474,499
Less: Provision for individual impairment assessment of loan receivables	**–**	(10,500)
Provision for collective impairment assessment of loan receivables	**(5,885)**	(1,404)
	433,097	462,595
Carrying amount analysed for reporting purpose:		
Current assets	**289,274**	387,655
Non-current assets	**143,823**	74,940
	433,097	462,595

The Group's loan receivables which arise from the money lending business of providing property mortgage loans, personal loans and corporate loans in Hong Kong are denominated in Hong Kong dollars.

Before approving any loans to new borrowers, the Group has assessed the potential borrower's credit quality and defined credit limits individually. The Group has policy for allowance of doubtful debts which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgment, including the current creditworthiness, collaterals and the past collection history of each client.

As at 31 March 2018, the loan receivables included (i) loans to customers amounted to HK$183,496,000 (2017: HK$223,300,000) which were disclosed in the announcements of the Company dated 28 April 2017, 2 June 2017, 7 July 2017, 5 September 2017, 18 September 2017, 24 October 2017, 22 December 2017, 8 February 2018, 15 March 2018, 22 March 2018, 23 March 2018 (2017: 6 May 2016, 6 June 2016, 24 November 2016, 29 December 2016, 16 January 2017, 15 February 2017 and 21 February 2017), respectively, and (ii) loans to 932 customers (2017: 569 customers) amounted to approximately HK$255,486,000 (2017: HK$251,199,000) in total before impairment which were not required to be disclosed under the Listing Rules.

19. LOAN RECEIVABLES *(continued)*

Movement in the Group's individual impairment assessment of loan receivables is as follows:

	2018 HK$'000	2017 HK$'000
Balance at the beginning of the year	**10,500**	–
Charge for the year	**–**	10,500
Reversal of impairment loss	**(327)**	–
Amounts written off	**(10,173)**	–
Balance at the end of the year	**–**	10,500

Movement in the Group's collective impairment assessment of loan receivables is as follows:

	2018 HK$'000	2017 HK$'000
Balance at the beginning of the year	**1,404**	–
Charge for the year	**19,299**	1,404
Reversal of impairment loss	**(80)**	–
Amounts written off	**(14,738)**	–
Balance at the end of the year	**5,885**	1,404

The credit quality analysis of the loan receivables is as follows:

	2018 HK$'000	2017 HK$'000
Neither past due nor impaired		
Secured	**312,786**	338,676
Unsecured	**120,311**	123,919
Impaired	**5,885**	11,904
	438,982	474,499

For the year ended 31 March 2018, the Group recognised impairment loss on loans which was determined to be individually and collectively impaired of nil (2017: HK$10,500,000) and HK$19,299,000 (2017: HK$1,404,000) respectively.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 HK$'000	2017 HK$'000
At fair value		
Equity securities listed in Hong Kong (Note i)	**55,224**	37,170
Unlisted bonds in Hong Kong (Note ii)	**–**	109,055
	55,224	146,225

Notes

(i) As at 31 March 2018, the Group held 531,000,000 shares (2017: 531,000,000 shares) of Wang On Group Limited ("**WOG**"), representing approximately 2.81% (2017: approximately 2.75%) of the entire issued share capital of WOG.

Due to a significant decline in fair value of an available-for-sale financial asset below its cost, an impairment loss of approximately HK$22,515,000 was recognised during the year ended 31 March 2017, being the transfer of the accumulated fair value adjustments recognised in revaluation reserve on the impaired available-for-sale financial asset to the profit or loss of HK$8,709,000.

(ii) On 4 October 2014, the Group entered into a subscription agreement with CAP, subscribing the 5-year bonds at the interest rate of 10% per annum issued by CAP with the principal amount of HK$150 million. The bonds would be matured and redeemed by CAP on 28 November 2019. Details of the transaction were disclosed in the Company's joint announcement and its announcements and circular dated 4 October 2014 and 24 October 2014, 28 November 2014 respectively.

On 19 October 2016 and 18 December 2017, the Group redeemed the bonds with outstanding principal amounts of HK$40 million and HK$110 million respectively. As at 31 March 2018, the Group did not hold any bonds (2017: HK$110 million).

The bonds at 31 March 2017 were independently valued by the independent third party valuer as based on the contractually determined stream of future cash flow discounted to present valued at a discount rate of approximately 9.1%.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$'000	2017 HK$'000
Equity securities listed in Hong Kong (Note i)	**28,013**	77,516
Unlisted bond fund (Note ii)	**7,320**	7,322
Convertible notes (Note iii)	**96,484**	187,241
	131,817	272,079
Carrying amount analysed for reporting purpose		
Current assets	**35,333**	84,838
Non-current assets	**96,484**	187,241
	131,817	272,079

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

Notes

(i) The fair values of the listed equity securities are determined with reference to the quoted market bid prices available on The Stock Exchange of Hong Kong Limited, except for the listed equity securities suspended from trading which are valued by an independent valuer. Detailed information about the valuation techniques and inputs used in the determination of the fair value of listed equity securities is disclosed in Note 4(c).

(ii) The unlisted bond fund is denominated in US dollar. The fair value of unlisted bond fund is reference to indicative market price.

(iii) The fair value of convertible notes is determined using binomial model.

(iv) During the year ended 31 March 2018, the Group recognised net loss on financial assets at fair value through profit or loss of approximately HK$103,332,000 (2017: gain of approximately HK$26,433,000) in the consolidated statement of profit or loss and other comprehensive income. Such amount is comprised of loss in listed equity securities, unlisted bond fund and convertible notes of approximately HK$49,503,000, HK$ 73,000 and HK$53,756,000 respectively (2017: loss in listed equity securities and unlisted bond fund of approximately HK$20,789,000 and HK$19,000 respectively and gain in convertible notes of approximately HK$47,241,000).

22. INTANGIBLE ASSETS

	Money lender license HK$'000
Cost	
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	**653**
Accumulated amortisation	
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	**–**
Carrying amounts	
At 31 March 2018 and 31 March 2017	**653**

The money lender license represents the right granted to the Group for carrying on the business of a money lender for an indefinite period of time. Such intangible assets are carried at cost less accumulated impairment losses. The recoverable amount of the intangible assets has been determined based on a value in use calculation. No impairment loss was recognised during the period in which, the recoverable amount was determined on discounted cash flow method. The calculation uses cash flow projections based on financial budgets approved by the management covering 5 years. The discount rate applied was approximately 19.1%. The directors of the Company are not aware of any expected impediment with respect to the renewal of the license and consider that the possibility of failing in licenses renewal is remote. Therefore, the directors of the Company consider that the intangible assets are treated as having indefinite useful lives.

23. DEPOSIT PAID

Deposit paid represents the trading rights that confer eligibility of the Group to trade on The Stock Exchange of Hong Kong Limited.

24. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operation	Nominal value of issued share capital/paid up registered capital	Percentage of equity and voting power attributable to the Company	Principal activities
Directly held				
Loyal Fame International Limited	BVI	US$1	100%	Investment holding
Indirectly held				
Billion Trader Investments Limited	BVI	US$1	100%	Securities investment
Fuzhou Wang On Property Development Co., Limited	the PRC	RMB371,119,590	100%	Property development
Golden Maker Investment Limited	Hong Kong	HK$10,000	100%	Investment holding
Golden Maker (Dongguan) Property Development Co., Limited	the PRC	RMB199,047,370	100%	Property development
Easy One Financial Management Services Limited	Hong Kong	HK$1	100%	Provision of administrative services
Onger Investments Limited	BVI	US$1	100%	Investment
Vast Time Limited	Hong Kong	HK$1,000	100%	Investment holding
Easy Reach (Far East) Limited	Hong Kong	HK$10,000	100% (2017: 51%)	Provision of finance operation
Easy One Finance Limited	Hong Kong	HK$1	100%	Provision of finance operation
Premium Financial Limited	Hong Kong	HK$1	100%	Provision of finance operation
Easy One Securities Limited	Hong Kong	HK$95,000,000 (2017: HK$60,000,000)	100%	Provision of securities brokerage services

24. PRINCIPAL SUBSIDIARIES *(continued)*

None of the subsidiaries issued debt securities during the year or at the year end.

The above table lists the subsidiaries of the Group, which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive lengths.

25. STOCK OF PROPERTIES

	2018 HK$'000	2017 HK$'000
Property under development	**116,983**	–
Completed properties	**431,066**	361,264
	548,049	361,264

As at 31 March 2018, property under development and prepaid lease payments of HK$93,219,000 and HK$20,832,000 respectively (31 March 2017: Nil) were transferred to stock of properties because they were scheduled to be completed in the coming twelve months.

26. ACCOUNT RECEIVABLES

	2018 HK$'000	2017 HK$'000
Account receivables arising from the ordinary course of business of dealing in securities:		
Cash clients	**46,470**	58,488
Margin clients	**65,345**	–
Clearing houses	**2,056**	10,394
Brokers	**385**	–
	114,256	68,882
Less: Impairment	**–**	–
	114,256	68,882

26. ACCOUNT RECEIVABLES *(continued)*

The settlement terms of account receivables arising from the business of dealing in securities are two days after trade date. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Cash clients overdue balances are reviewed regularly by senior management. The Group does not hold any collateral over these balances.

No ageing analysis of margin clients is disclosed as in the opinion of the executive directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The ageing analysis of the remaining account receivables as at the end of the reporting period, based on settlement or invoices date, net of impairment is as follows:

	2018 **HK$'000**	2017 HK$'000
Current	**12,957**	23,623
Within 30 days	**15,880**	39,734
31 to 90 days	**18,793**	4,270
Over 90 days	**1,281**	1,255
	48,911	68,882

As at 31 March 2018, there was no provision for impairment assessment of account receivables (2017: Nil).

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 **HK$'000**	2017 HK$'000
Rental and other deposits (Note i)	**19,455**	19,954
Other prepayments and other receivables (Note ii)	**24,057**	58,787
Prepayments for the PRC tax	**3,159**	4,350
Interest receivables	**9,873**	13,011
Prepayments for construction	**–**	1,051
Prepaid lease payments	**–**	334
	56,544	97,487
Less: Impairment loss recognised	**(2,021)**	(908)
	54,523	96,579

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes:

(i) Other deposits mainly represent deposit guarantee for certain purchasers of the Group properties which would be refundable upon issuance of real estate ownership certificate which are generally be available for the purchasers.

(ii) Other prepayments and other receivables mainly represent sales agency commission of properties held for pre-sale and the prepayments of levies to certain government department of properties held for pre-sale. Other receivables mainly represent payments to certain government departments which would be refundable upon completion of development project.

(iii) Deposit paid classified as non-current asset represents the trading rights that confer eligibility of the Group to trade on the Stock Exchange of Hong Kong Limited.

Movement in impairment assessment of interest receivables is as follows:

	2018	2017
	HK$'000	HK$'000
Balance at the beginning of the year	**908**	–
Charge for the year	**1,431**	908
Reversal of impairment loss	**(318)**	–
Balance at the end of the year	**2,021**	908

During the year ended 31 March 2018, the Group recognised an impairment loss on interest receivables of HK$1,431,000 (2017: HK$908,000) which was individually determined to be impaired.

28. CASH AND BANK BALANCES HELD IN SEGREGATED ACCOUNTS

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding account payables (Note 31) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

29. TIME DEPOSITS

At the end of the reporting period, the time deposits are denominated in Hong Kong dollars. Time deposits carry interest rate at 0.32% (2017: interest rates which range from 0.02% to 1.40%) per annum.

30. CASH AND BANK BALANCES

At the end of the reporting period, the cash and bank balances of the Group included currencies denominated in RMB amounted to approximately HK$92,576,000 (2017: approximately HK$165,106,000) which is not freely convertible into other currencies.

In accordance with certain PRC regulations, property development companies of the Group are required to place the proceeds received from pre-sale of properties as guarantee deposits for constructions of properties. As the end of reporting period, no deposits were used to pay for relevant property development projects when approval from PRC State-Owned Land and Resource Bureau obtained (2017: Nil). The restriction will be released upon the construction is completed or the real estate ownership certificate of pre-sold properties is issued, whichever is the earlier.

Reconciliation of liabilities arising from financing activities:

	Interest payables	**Bank and other loans**	**Loans from related company**	**Loans from non-controlling interests**	**Total**
	HK'000	HK'000	HK'000	HK'000	HK'000
	(Note 32)	(Note 33)	(Note 34)	(Note 35)	
Net debt as at 1 April 2017	2,579	166,909	80,000	73,500	322,988
Cash flows	(23,658)	64,988	20,000	(73,500)	(12,170)
Other non-cash movements	24,727	–	–	–	24,727
Exchange realignment	90	11,939	–	–	12,029
Net debt as at 31 March 2018	**3,738**	**243,836**	**100,000**	**–**	**347,574**

31. ACCOUNT PAYABLES

	2018 HK$'000	2017 HK$'000
Clients	**37,119**	18,022
Brokers, dealers and clearing houses	**5,172**	13,206
	42,291	31,228

The settlement terms of account payables arising from the business of dealing in securities are two days after trade date. No ageing analysis is disclosed as in the opinion of the executive directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

31. ACCOUNT PAYABLES *(continued)*

Included in account payables as at 31 March 2018, amounts of approximately HK$25,294,000 (2017: approximately HK$7,678,000) were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these account payables with the deposits placed.

32. DEPOSITS RECEIVED, ACCRUALS AND OTHER PAYABLES

	2018	2017
	HK$'000	HK$'000
Accruals	**11,481**	8,702
Deposits received	**–**	2,812
Interest payables	**3,738**	2,579
Other payables	**51,565**	16,572
Other payables for construction	**30,808**	40,912
Other tax and levies payables	**101,684**	105,000
	199,276	176,577

33. BANK AND OTHER LOANS

The carrying amounts of the bank and other loans are denominated in the following currencies:

	2018	2017
	HK$'000	HK$'000
Hong Kong dollars	**128,678**	52,978
Renminbi	**115,158**	113,931
	243,836	166,909
Carrying amount repayable:		
On demand or within one year	**163,493**	62,674
More than one year, but not exceeding two years	**80,343**	104,235
	243,836	166,909
Interest-bearing bank and other loans at:		
Floating interest rate	**243,836**	166,909

33. BANK AND OTHER LOANS *(continued)*

The ranges of effective interest rates (which equal to contracted interest rates) on the Group's borrowings are as follows:

	2018	2017
Floating interest rate loans	**2.8% – 8.0%**	3.8% – 6.2%

The bank loans denominated in RMB bear interest at the prevailing market rates quoted by the People's Bank of China. The loans of approximately HK$115,158,000 (2017: HK$113,931,000) are secured by pledge of the Group's stock of properties of approximately HK$291,622,000 (2017: HK$257,462,000). The loans of approximately HK$115,158,000 (31 March 2017: HK$113,931,000) are secured by corporate guarantees from subsidiaries of the Group and the Company.

The bank loans denominated in Hong Kong dollars are at the prevailing market rates reference to HIBOR+2% (2017: HIBOR+3.75%). As at 31 March 2018, the loans of approximately HK$98,678,000 (31 March 2017: HK$52,978,000) are secured by pledge of the Group's stock of properties of approximately HK$291,622,000 (2017: HK$257,462,000) and mortgage over shares of a wholly-owned subsidiary of the Company. The loans are secured by corporate guarantees from a subsidiary of the Group and the Company.

The other loan denominated in Hong Kong dollars is at the prevailing market rates reference to P+3% (2017: Nil). As at 31 March 2018, the loan of HK$30,000,000 (2017: Nil) is secured by the Group's loan receivables of approximately HK$36,800,000 (2017: Nil). The loan is secured by corporate guarantees from the Group.

34. LOANS FROM RELATED COMPANY

As at 31 March 2018, a loan with aggregate principal amount of HK$100,000,000 (2017: HK$80,000,000) was borrowed from Able Trend Limited which is an indirect wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited ("**WYT**"). During the year ended 31 March 2018, a loan with aggregate principal amount of HK$200,000,000 was borrowed from and fully repaid to Emperor Smart Investments Limited which is an indirect wholly-owned subsidiary of WOG (2017: Nil). The loans are unsecured and carry fixed rate of 6.5% per annum.

35. LOANS FROM NON-CONTROLLING INTERESTS

As at 31 March 2017, a loan with aggregate principal amount of HK$73,500,000 was borrowed from a minority interest of a non wholly-owned subsidiary. The loan was unsecured, interest-free and had no fixed term of repayment. The balance was fully repaid during the year ended 31 March 2018.

36. DEFERRED TAXATION

As at 31 March 2018, the Group has estimated tax losses arising of approximately HK$155,084,000 (2017: approximately HK$145,097,000). Tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Tax losses arising in the PRC may be carried forward for a maximum for five years. No deferred tax assets have been recognised due to the unpredictability of future profits streams.

37. SHARE CAPITAL

	Number of shares		Share capital	
	2018	2017	**2018**	2017
	'000	'000	**HK$'000**	HK$'000
Authorised				
At the beginning of the year, ordinary shares of HK$0.01 each	**20,000,000**	20,000,000	**200,000**	200,000
At the end of the year, ordinary shares of HK$0.01 each	**20,000,000**	20,000,000	**200,000**	200,000
Issued and fully paid				
At the beginning of the year, ordinary shares of HK$0.01 each	**464,432**	4,644,325	**4,644**	46,443
Placing of shares (Note i)	**92,000**	–	**920**	–
Capital reorganisation (Note ii)	**–**	(4,179,893)	**–**	(41,799)
At the end of the year, ordinary shares of HK$0.01 each	**556,432**	464,432	**5,564**	4,644

Notes:

(i) On 23 November 2017, the Company entered into a placing agreement with the placing agent. Pursuant to the placing agreement, the Company has conditionally agreed to allot and issue, and the placing agent has conditionally agreed to place on a best effort basis, a maximum of 92,000,000 placing shares to currently expected to be not less than six places who and whose ultimate beneficial owners are third parties independent of the Company and connected persons of the Company at the placing price of HK$0.235 per placing share. The net proceeds raised from the placing was approximately HK$20.9 million, which is intended for development of its provision of finance business and its securities brokerage services business.

(ii) On 21 February 2017, the reorganisation of the share capital of the Company involving the share premium cancellation, the share consolidation, the capital reduction and the share subdivision was completed. The issued share capital of the Company was reduced by approximately HK$41,799,000 and credited to the contributed surplus account.

Share option scheme

Details of the Company's share option scheme are included in Note 38 to the consolidated financial statements.

38. SHARE OPTION SCHEME

The Company operated a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, and customers of the Group. The Scheme became effective on 8 October 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

In view of the termination of the Scheme, the Company approved for the adoption of a new share option scheme ("**New Share Option Scheme**") on 21 August 2012.

The purpose of the New Share Option Scheme is providing incentives and rewards to eligible participants who contribute or potentially contribute to the development and growth of the Group. Eligible participants include directors, including independent non-executive directors, other employees, individual who work for any member of the Group or any substantial shareholder or any company controlled by a substantial shareholder, holder of securities issued by the member of the Group and any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the nominal value of a share of the Company; (ii) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer of the share options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

38. SHARE OPTION SCHEME *(continued)*

As at the date of this report, the total number of shares available for issue under the New Share Option Scheme is 28,643,250 shares, representing approximately 5.15% of the share capital of the Company in issue as at the date of this report.

Up to the date of this report, 17,800,000 share options have been granted by the Company under the New Share Option Scheme. The details of the New Share Option Scheme were set out in the annual report of the Company for the year ended 31 March 2018. At the end of the reporting period, 17,800,000 share options were granted under the New Share Option Scheme and no share option has been exercised, lapsed or cancelled under the Scheme and the New Share Option Scheme during the reporting period.

Under the terms of the New Share Option Scheme and the offer letter dated 23 February 2018, the board of directors of the Company, with a notional consideration of HK$1, granted options to the eligible persons to subscribe for shares in the Company at HK$0.48, being not lower than the highest of: (i) the average closing price of the shares of the Company quoted on the Stock Exchange for the 5 business days immediately preceding the date of the letter; (ii) the closing price of the shares of the Company quoted on the Stock Exchange as at the date of the letter; and (iii) the par value of the shares of the Company (i.e. HK$0.01). Options granted under the New Share Option Scheme must be taken up within 30 days from the date on which the offer is made by returning a written acceptance of the offer signed by the eligible persons upon payment of a nominal consideration of HK$1 by the grantee. Options granted and accepted may be exercised at any time for 7 years from the date of the letter. Options granted under the New Share Option Scheme will be exercisable in the option period notwithstanding that the scheme period of the New Share Option Scheme does not prescribe any minimum period for which an option must be held before it can be exercised and has not specified that the exercise of an option is subject to any performance target.

Details of the movements of the share options during the year were as follows:

Name of category of participants	Date of grant	Exercise period	Exercise price per share HK$	Outstanding as at 1 April 2017	Granted during the year	Lapsed during the year	Outstanding as at 31 March 2018
Executive Director							
Mr. Chan Chun Hong, Thomas	23 February 2018	Note	0.48	–	4,600,000	–	4,600,000
Mr. Cheung Wai Kai	23 February 2018	Note	0.48	–	4,600,000	–	4,600,000
Ms. Stephanie	23 February 2018	Note	0.48	–	4,600,000	–	4,600,000
Subtotal				–	13,800,000	–	13,800,000
Other employee	23 February 2018	Note	0.48	–	4,000,000	–	4,000,000
Total				–	17,800,000	–	17,800,000

Note: Options are exercisable on or after 23 February 2018. The options will be expired after seven years since the date of grant.

38. SHARE OPTION SCHEME *(continued)*

Save as disclosed above, at no time during the year under review was the Company or its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Fair value of options granted

As the fair value of the services received in return for the shares granted on 23 February 2018 could not be estimated reliably by the Company, the fair value of the services was ensured by reference to the fair value of share option granted and determined by an independent professionally qualified valuer.

The model inputs for options granted during the year ended 31 March 2018 included:

a) options are granted for notional consideration HK$1 and vested immediately. Vested options are exercisable for a period of seven years after the date of grant.

b) exercise price: HK$0.48

c) grant date: 23 February 2018

d) expiry date: 22 February 2025

e) closing price of the share of the Company on the grant date: HK$0.48

f) expected dividend yield: 0.0%

g) expected price volatility of the company's shares: approximately 40.0%

h) risk-free interest rate: approximately 1.8%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The assessed fair value at grant date of options granted during the year ended 31 March 2018 was HK$0.19 per option.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2018 HK$'000	2017 HK$'000
Non-current asset			
Interests in subsidiaries		–	–
Current assets			
Prepayments, deposits and other receivables		1,432	764
Amounts due from subsidiaries	39(a)	2,079,823	1,983,895
Cash and bank balances		67,961	4,365
		2,149,216	1,989,024
Less: Current liabilities			
Accruals and other payables		6,108	4,474
Amounts due to subsidiaries	39(a)	1,088,846	952,289
Loans from related company	34	100,000	–
		1,194,954	956,763
Net current assets		954,262	1,032,261
Total assets less current liabilities		954,262	1,032,261
Less: Non-current liabilities			
Loans from related company		–	80,000
Net assets		954,262	952,261
Capital and reserves			
Share capital	37	5,564	4,644
Reserves	39(b)	948,698	947,617
Total equity		954,262	952,261

Approved by the Board of Directors on 20 June 2018 and signed on its behalf by:

Chan Chun Hong, Thomas
Director

Stephanie
Director

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Notes:

a. Amounts due from/to subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand. The fair values of the amounts at the end of the reporting period approximated to the corresponding carrying amounts due to their short-term maturities.

b. Reserves

	Share premium HK$'000	**Contribution surplus** HK$'000	**Share option** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2016	407,424	714,069	–	(209,868)	911,625
Loss for the year	–	–	–	(5,807)	(5,807)
Share premium cancellation (Note i)	(407,424)	407,424	–	–	–
Capital reorganisation (Note 37)	–	41,799	–	–	41,799
At 31 March 2017 and 1 April 2017	–	1,163,292	–	(215,675)	947,617
Loss for the year	–	–	–	(22,268)	(22,268)
Placing of shares (Note 37)	20,700	–	–	–	20,700
Transaction cost relating to placing of shares (Note 37)	(692)	–	–	–	(692)
Equity-settled Share-based payments	–	–	3,341	–	3,341
At 31 March 2018	**20,008**	**1,163,292**	**3,341**	**(237,943)**	**948,698**

Notes:

(i) At the special general meeting of the Company held on 20 February 2017, resolution was passed by the shareholders to reduce the credit standing of the share premium account by setting off the contributed surplus account of the Company.

(ii) Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is distributable to its shareholders under certain circumstances. At 31 March 2018, the Company's reserves available for distribution to shareholders amounting to approximately HK$945,357,000 (2017: HK$947,617,000) and calculated in accordance with the Companies Act of the Bermuda and the articles of association of the Company.

(iii) The amounts of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of the changes in equity of the consolidated financial statements.

40. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office premises under operating lease arrangements which are negotiated for lease terms of from one to three years.

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

	2018 **HK$'000**	2017 HK$'000
Within one year	**9,371**	6,254
In the second to fifth years, inclusive	**2,726**	6,444
	12,097	12,698

41. MATERIAL RELATED PARTY TRANSACTIONS

The Group had entered into the following transactions with related parties which, in the opinion of the Directors, were carried out in the ordinary course of the Group's business.

	2018 **HK$'000**	2017 HK$'000
Interest income on convertible notes issued by an associate	**9,720**	4,715
Interest income on unlisted bonds issued by an associate	**8,836**	13,820
Interest income on an interest-bearing loan to an associate	**–**	6,641
Rental expense paid to WOG	**300**	–
Rental expense paid to WYT	**–**	725
Interest expense on an interest-bearing loan from an indirect wholly-owned subsidiary of WYT	**6,464**	1,585
Interest expense on an interest-bearing loan from an indirect wholly-owned subsidiary of WOG	**7,388**	–

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 10 to the consolidated financial statements is as follows:

	2018 **HK$'000**	2017 HK$'000
Key management personnel compensation		
Salaries and other short-term employee benefits	**6,513**	3,731
Retirement benefits scheme contributions	**44**	45
	6,557	3,776

42. CAPITAL COMMITMENT

At 31 March 2018, the Group had the following capital commitments:

	2018 HK$'000	2017 HK$'000
Contracted but not provided for:		
Additions of property under development	**27,491**	40,614

43. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure interest-bearing bank and other loans of the Group as disclosed in Note 33 to the consolidated financial statements are as follows:

	2018 HK$'000	2017 HK$'000
Stock of properties	**291,622**	257,462
Loan receivables	**36,800**	–
	328,422	257,462

44. GUARANTEES

As further disclosed in Note 33 to the consolidated financial statements, the bank and other loans of approximately HK$243,836,000 (2017: approximately HK$166,909,000) is unconditionally and irrevocably guaranteed by the Company and a subsidiary of the Group.

45. FINANCIAL GUARANTEE CONTRACTS

The Group has guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees terminate upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the consolidated financial statements for the guarantees.

46. EVENT AFTER THE REPORTING PERIOD

Disposal of shares in wholly-owned subsidiaries

On 19 April 2018, the Group completed its disposal of the property development project in Fuzhou through disposal of the entire share capital in two indirect wholly-owned subsidiaries. The disposal constituted a very substantial disposal under the Listing Rules which required the Shareholders' approval. Such Shareholders' approval was obtained in a special general meeting of the Company held on 18 April 2018.

Details of the disposal were disclosed in the announcements issued by the Company dated 15 February 2018 and 18 April 2018, respectively and the circular issued by the Company dated 28 March 2018.

47. ACQUISITION OF NON-CONTROLLING INTERESTS

During the year ended 31 March 2018, the Group acquired the remaining interest of 49% in a non wholly-owned subsidiary, Easy Reach (Far East) Limited, at a cash consideration of HK$21,300,000. Upon completion of the acquisition, the Group owned 100% equity interest in Easy Reach (Far East) Limited and recognized decrease in other reserve and non-controlling interests of approximately HK16,706,000 and HK$4,594,000 respectively.

48. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 20 June 2018.

FIVE-YEAR FINANCIAL SUMMARY

31 MARCH 2018

Summary of the results, assets and liabilities of the group for the last five years is as follows:

	Consolidated year ended 31 March				
	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000 (Restated)	2014 HK$'000 (Restated)
Results					
Continuing operations					
Revenue	**200,774**	265,470	625,675	1,123,991	965,703
Cost of sales	**(51,505)**	(129,195)	(426,161)	(726,841)	(740,705)
Gross profit	**149,269**	136,275	199,514	397,150	224,998
Other revenue and gain	**53,093**	46,790	38,412	27,348	23,045
Selling and distribution expenses	**(15,190)**	(18,202)	(15,032)	(26,489)	(32,375)
Administrative expenses	**(131,927)**	(91,489)	(62,837)	(77,594)	(71,093)
Finance costs	**(24,727)**	(12,480)	(11,502)	(17,592)	(28,721)
Net (loss)/gain on financial assets at fair value through profit or loss	**(103,332)**	26,433	(55,249)	80,016	55,539
Impairment loss on available-for-sale financial assets	**–**	(22,515)	–	–	–
Loss on deemed disposal of interest in an associate	**(15,982)**	–	(56,958)	(89,573)	(25,667)
Share of results of an associate	**(76,738)**	(213,111)	38,887	(73,851)	75,804
(Loss)/profit before taxation	**(165,534)**	(148,299)	75,235	219,415	221,530
Taxation	**(9,762)**	(16,312)	(31,684)	(78,210)	(39,541)
(Loss)/profit for the year from continuing operations	**(175,296)**	(164,611)	43,551	141,205	181,989
Discontinued operation					
Profit/(loss) for the year from discontinued operation	**–**	–	8,558	4,123	(206,943)
(Loss)/profit for the year	**(175,296)**	(164,611)	52,109	145,328	(24,954)

Summary of the results, assets and liabilities of the group for the last five years is as follows: *(continued)*

	Consolidated year ended 31 March				
	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000 (Restated)	2014 HK$'000 (Restated)
Results *(continued)*					
(Loss)/profit for the year attributable to:					
– Owners of the Company	**(175,743)**	(168,871)	52,227	145,463	77,000
– Non-controlling interests	**447**	4,260	(118)	(135)	(101,954)
	(175,296)	(164,611)	52,109	145,328	(24,954)
			(Restated)		
(Loss)/earnings per share attributable to owners of the Company from continuing and discontinued operations – Basic and diluted (HK cents)	**(35.82)**	(36.36)	16.68	12.80	9.37

	Consolidated as at 31 March				
	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Assets and liabilities					
Total assets	**1,972,492**	2,003,406	1,997,722	2,234,131	2,435,110
Total liabilities	**(809,451)**	(748,640)	(550,971)	(1,136,949)	(1,496,072)
	1,163,041	1,254,766	1,446,751	1,097,182	939,038
Equity attributable to owners of the Company	**1,163,041**	1,250,619	1,446,864	1,055,766	897,557
Non-controlling interests	**-**	4,147	(113)	41,416	41,481
	1,163,041	1,254,766	1,446,751	1,097,182	939,038

Note:

The results of the Group for the years ended 31 March 2018 and 2017 are those set out on pages 58 to 59 of this annual report.

LIST OF GROUP PROPERTIES

31 MARCH 2018

STOCK OF PROPERTIES

Project	City/ province	Approximate site area (square feet)	Development plan	Approximate saleable gross floor area (square feet)	Percentage ownership/ interest (%)	Stage of completion	Expected year of completion
The Central Park	Fuzhou, Jiangxi Province	20,000	Residential/ commercial complex	50,000	100	Completed	N/A
The Central Park	Fuzhou, Jiangxi Province	40,000	Residential/ commercial complex	290,000	100	Construction in progress	2018-2019
Trendy Square	Dongguan, Guangdong Province	240,000	Commercial complex	430,000	100	Completed	N/A