PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED
昌興國際控股(香港)有限公司

(Incorporated in Bermuda with limited liability)
Stock Code : 803

FORGING NEW HEIGHTS

Annual Report 2018

This annual report is printed on environmentally friendly paper

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. WONG Ben Koon, *Chairman*
Dr. MAO Shuzhong, *Chief Executive Officer*
Ms. Gloria WONG
Mr. LI Zhimin *(appointed on 3 July 2017)*
Mr. WANG Jiafu *(appointed on 3 July 2017)*
Mr. KONG Siu Keung

Non-executive Directors

Mr. LIU Yongshun
Mr. WU Likang

Independent Non-executive Directors

Mr. YUEN Kim Hung, Michael
Mr. YUNG Ho
Mr. CHAN Kai Nang
Mr. MA Jianwu

Qualified Accountant

Mr. KONG Siu Keung, *FCPA, FCCA*

Company Secretary

Mr. KONG Siu Keung, *FCPA, FCCA*

Authorised Representatives

Mr. WONG Ben Koon
Mr. KONG Siu Keung

Audit Committee

Mr. YUEN Kim Hung, Michael, *Chairman*
Mr. YUNG Ho
Mr. MA Jianwu

Remuneration Committee

Mr. YUEN Kim Hung, Michael, *Chairman*
Mr. YUNG Ho
Mr. CHAN Kai Nang

Nomination Committee

Mr. CHAN Kai Nang, *Chairman*
Mr. MA Jianwu
Mr. KONG Siu Keung

Head Office and Principal Place of Business

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Tower 2
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Tsim Sha Tsui
Kowloon
Hong Kong

Corporate Information *(continued)*

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Bermuda Principal Share Registrar and Transfer Office

Codan Services Limited
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Hamilton HM11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Stock Code

803

Auditor

RSM Hong Kong
Certified Public Accountants
29th Floor
Lee Garden Two
28 Yun Ping Road
Hong Kong

Solicitor

Stephenson Harwood
18th Floor
United Centre
95 Queensway
Hong Kong

Principal Bankers

China Minsheng Banking Corporation Limited,
Hong Kong Branch
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
O-Bank Co., Ltd.

Company Website

www.pihl-hk.com

Chairman's Statement

Prosperity International Holdings (H.K.) Limited (the "Company", which together with its subsidiaries, is collectively referred to as the "Group") gradually shifted the focus of its businesses to property investment and development after serious consideration by the board of directors of the Company (the "Board"). It made such strategic move to capitalize on China's new type of urbanization ("新型城鎮化"), fostering of the development of Guangdong-Hong Kong-Macao Bay Area (the "Greater Bay Area", "粵港澳大灣區") and Belt and Road Initiative ("一帶一路"). The Group has already built a foothold in Guangzhou, the provincial capital of Guangdong, and the core area of the Greater Bay Area, and it has been building up its business presence in such cities as Yancheng, Suzhou, Huaian and Suqian in Jiangsu. Jiangsu is a prosperous province of China and a part of the Yangtze River Delta, which is one of the engines of the country's economic growth. It also operates other businesses, including iron ore mining and processing in Malaysia and Brazil, and clinker and cement trading.

As a participant in Belt and Road Initiative and the Greater Bay Area development, the Group's business of property investment and development provided cash inflow and had potential for steady growth in the future.

The Company stepped up its efforts to develop its property business during its financial year ended 31 March 2018 (the "Year"). Property business has been a staple part of the Group's business portfolio since 2010, and after serious consideration, the Board has decided to shift the focus of business from iron ore mining, processing and trading to property investment and development as it deems the move to be the most beneficial to the development of the Group.

This is not to say that the Group will immediately shut down all of its iron ore mining and processing operations. Instead, the Group will take a more conservative approach in order to minimize the negative effect of the cyclical nature of the mining industry and related policy changes that have led to iron ore industry consolidation. The Group may resume its iron ore mining and processing operations only if such move is deemed to make economic sense. The Group will continue to monitor the iron ore market closely. This approach to business can give it flexibility regarding its development in the future.

I would like to reiterate that the property investment and development businesses has been an integral part of the Group's business for the past seven years. Also, the decision to shift the focus of its business to the property business is the most sensible move because it will allow the Group to utilize its existing resources, connections and personnel without putting much extra burden on the Group's financial resources. Also, the move allows the Group to capitalize on the booming property markets in China's vibrant cities amid the country's rapid urbanization as well as a promising overseas property market in the Republic of Indonesia ("Indonesia") which participated in China's Belt and Road Initiative. Such efforts already yielded some results as recognized profit from sales at some of the Group's property projects in mainland China, offset part of the impairment loss, which was recorded from its suspended iron ore mining and processing businesses for the Year. This impairment of the iron ore mining and processing businesses was made to reflect the Group's change of focus to the property investment and development businesses.

Results Overview

For the Year, the Group recorded a net loss of approximately HK$989 million compared with a net loss of approximately HK$128 million for the year ended 31 March 2017 (the "Previous Financial Year"). The increase in the loss was attributable to the impairment loss made against the Group's iron ore mining and processing businesses during the Year, while the reversal of part of an impairment loss previously recorded was made for the Previous Financial Year.

Approximately HK$922 million in revenue was generated from sales at the Group's property projects. Such property sales included the sales of residential and commercial properties in Binhai county of Yancheng city in Jiangsu province and Guangzhou city in Guangdong province, and they were recognized during the Year. Meanwhile, approximately HK$589 million of the impairment loss was made against other intangible assets and property, plant and equipment for the Group's iron ore businesses in Malaysia and Brazil for the Year as the value of such assets was revised down having regard to the revision of the production plan and the expected inflation in the operating costs of the relevant businesses in view of the latest operating conditions where the relevant assets are located.

Basic loss per share was 7.99 HK cents for the Year, compared with the basic loss per share of 1.20 HK cents for the Previous Financial Year. The Board does not recommend payment of a final dividend for the Year (Previous Financial Year: Nil).

A garden at One City

A garden at a villa of Fu Yuan

Business Review

Property Investment and Development

The Group aims to take advantage of China's policy on the property sector which is also linked to the state plans for national development, namely the fostering of the Greater Bay Area, a new type of urbanization that enables coordinated development of urban and rural areas, and urban redevelopment. It has also tapped an overseas property market in Indonesia to benefit from China's Belt and Road Initiative. In its drive to expand its property business, the Group made progress in ongoing property projects and signed agreements over two new ones during the Year. It sought to capitalize on the healthy development of the property market that resulted from the Chinese government's regulatory measures. Building on its success in developing and selling residential and commercial properties in Yancheng and Suzhou and the revamp of its shopping arcade in Guangzhou, the Group entered into agreements to acquire companies respectively in Huaian and Suqian cities, Jiangsu province.

In the central business district ("CBD") of Binhai county of Yancheng, Jiangsu province, the People's Republic of China (the "PRC"), the Group is now developing a residential and commercial property project called 昌興壹城 ("One City"). One City has a combined gross floor area ("GFA") of approximately 441,000 square metres ("sq.m.") and will be developed in two phases. As of 31 March 2018, all the units of the 11 blocks of apartment buildings, more than 90% of the 40 townhouses and over 80% of the shopping units in the first phase of the project were sold. Of all the presold units of apartment buildings and townhouses, 90% and 55% respectively were delivered to the home buyers during the Year. Construction of the second phase of the project commenced in the second quarter of 2017. Presale of units in the first 6 blocks of apartment buildings in the second phase began during the Year and met with enthusiastic response from the market. The Group will develop the remaining, planned residential properties and shop spaces in the second phase of the project and sell them for higher prices to capitalize on the booming market.

In Guangzhou, Guangdong province, the PRC, the shopping arcade of the Group's 55%-owned integrated project of commercial and residential properties, 東方文德廣場 ("Oriental Landmark"), has attracted a number of well-known brands as tenants including restaurants, child education centres, antique stores, a fitness club and a supermarket, and its transformation into a families' life style-oriented shopping centre in the area proved to be successful. It had an occupancy rate of approximately 85% as at 31 March 2018. It is expected that the revamped shopping arcade will become a top shopping spot in the area and will generate stable rental income for the Group.

On Xishan Island, Wuzhong District, Suzhou, the Group, through a 55%-owned company called 蘇州市嘉欣房地產開發有限公司 (Suzhou Jiaxin Real Estate Development Company Limited*) ("Suzhou Jiaxin"), is developing a deluxe property project called 復園 ("Fu Yuan"), which comprises 51 villas, a deluxe hotel and gardens in an ancient, classical architectural style peculiar to the city, with a total GFA of 46,170 sq.m. As of 31 March 2018, certain villas in the first phase of the project had been sold and delivered to the buyers. The second phase of the project and the deluxe hotel are currently under construction. The deluxe hotel has been topped out and will be put into trial operation in the fourth quarter of 2018. The Group will operate the hotel by itself under its own brand.

On 16 August 2017, the Company's indirect wholly-owned subsidiary, 浙江昌興投資有限公司 (Zhejiang Changxing Investment Co., Ltd.*) ("Zhejiang Changxing"), entered into a framework agreement to acquire a 70% equity interest in 盱眙昌盛置業有限公司 (Xuyi Changsheng Property Co., Ltd.*) ("Xuyi Changsheng Property") (the "Xuyi Acquisition") at a consideration of approximately 93 million Renminbi ("RMB") (equivalent to approximately HK$110 million). Xuyi Changsheng Property owns the land use rights over two land lots in Xuyi county, Huaian city, Jiangsu province, the PRC, with an aggregate site area of approximately 83,658 sq.m. The two land lots are located in Xuyi Development Zone and earmarked for residential and commercial property development. The Xuyi Acquisition was completed in October 2017.

* *For identification purpose only*

On 27 November 2017, Zhejiang Changxing entered into a framework agreement to acquire a 70% equity interest in 宿遷勝達房地產開發有限公司 (Suqian Shengda Real Estate Development Co., Ltd.*) ("Suqian Shengda") for a consideration of approximately RMB70 million (equivalent to approximately HK$83 million). Suqian Shengda owns a residential project called 江山一品 ("Imperial Land") in Suqian city, Jiangsu province, the PRC, in which it has a land use rights over a land of an aggregate site area of approximately 45,214 sq.m., certain residential units, shopping spaces and car parking spaces within the land. As at 31 March 2018, the land has a site area of approximately 26,653 sq.m. which are yet to be developed, and is expected to be developed into a residential property project, comprising four blocks of residential buildings and car parking spaces, with a total GFA of 95,778 sq.m.

In order to capture the opportunities from China's Belt and Road Initiative, the Group diversified into the promising market of Jakarta, Indonesia in 2015 to tap into the hot demand for residential properties in the CBD there. It was developing a condominium for residential and commercial uses on the site there during the Year. Presale of the residential properties started in May 2017. Approximately 20% of the 208 units had been presold as at 31 March 2018.

Iron Ore Mining, Processing and Trading Operations

The Group continued to suspend its iron ore mining and processing operations in Malaysia and Brazil during the Year to minimize the operating loss. It was because the iron ore price fluctuated wildly and did not stabilize at a high enough level to make such operations profitable. Factors that drove up or down the commodity's price took turns to prevail in the supply-demand relationship. Meanwhile, the Group's iron ore trading operations recorded a decline in business volume.

Clinker and Cement Business

On 14 July 2017, the Group completed the acquisition of 25% of the issued share capital of PT Conch Cement Indonesia ("Indonesia Conch") and its subsidiaries (collectively referred to as "Indonesia Conch Group") (the "Indonesia Conch Acquisition") as part of its effort to expand its clinker and cement business. Indonesia Conch is a company incorporated in Indonesia and Indonesia Conch Group principally engages in manufacturing and sale of clinker and cement products. The acquisition will enable the Group to capitalize on the Indonesian government' initiative in enhancing the country's infrastructure.

Prospect

During the Year, the Group has been actively expanding its diverse businesses, especially the property development. Notably, it made progress in ongoing property projects and invested in two new ones in Jiangsu province, the PRC. The Group's existing business presence in Yancheng and Suzhou in Jiangsu province will allow the Group to continue capitalizing on the country's rapid urbanization. Meanwhile, the Group's revamped shopping arcade in Oriental Landmark in Guangzhou, Guangdong province will continue to generate stable rental for the Group.

On the other hand, the persistent, wild fluctuations in iron ore price means that it is still far from certain when the commodity's price will stabilize at a high enough level for the Group's iron ore mining and processing operations to be profitable. Therefore, the Group will continue to suspend this line of business.

* *For identification purpose only*

The initiative in shifting the focus of the Group's business to property investment and development already yielded some results as profits from sales at some of its finished or ongoing property projects as well as the rental income from its investment properties offset part of the impairment loss incurred at the suspended iron ore mining and processing operations during the Year, thus mitigating the impact of the condition of the iron ore market on the Group's overall profitability. The Group is poised to benefit from the state policies on fostering the development of the Greater Bay Area, and the new type of urbanization. Some of its property projects will be completed in the next several years so considerable income through either rental or sales of properties is expected to be generated.

Words of Thanks

On behalf of the Company, I would like to express my gratitude to our shareholders and business partners for their support and to the management and staff for their hard work during the Year.

WONG Ben Koon
Chairman

Hong Kong, 29 June 2018

A bird's eye view of One City at night time

Management Discussion and Analysis

Highlights:

— The Group was shifting the focus of its business from iron ore mining and processing operations to property investment and development (both have been the integral part of the Group's business portfolio).

— China's policies on national development such as the fostering of the development of the Greater Bay Area and urbanization of rural areas have presented opportunities for property development.

— Some property development projects in the Group's portfolio have already provided the Group with cash inflow and some others are progressing on schedule or near completion.

— Impairment of the iron ore mining and processing assets has caused the Group to make a sizeable loss for the Year. However, it is necessary to record the impairment so as to let the investors have an accurate understanding of the current status of the Group's iron ore mining and processing operations as well as to pave the way for the shift of the focus of its business.

Results and Financial Overview

For the Year, the Group recorded a net loss of approximately HK$989 million, compared with the net loss of approximately HK$128 million for the Previous Financial Year.

The Group recorded a revenue of approximately HK$4,480 million during the Year, which slightly decreased from approximately HK$4,521 million of the Previous Financial Year. The Group's property business recorded an increase in the revenue after it recognized some revenue from the sales at some of its property projects in mainland China for the Year which partially offset the decrease in revenue from the lower volume of the iron ore trading business.

In the Group's property development business, approximately HK$922 million in revenue from sales at some of the Group's property projects was recognized for the Year. Such property sales included the sales of some residential and commercial properties at One City in Binhai county of Yancheng city, Jiangsu province, the PRC and those of the remaining portion of the residential properties at Oriental Landmark in Guangzhou city in Guangdong province, the PRC.

A garden at a villa of Fu Yuan

During the Year, the volume of tonnage shipped by the Group's iron ore trading operations decreased by 16.3% to approximately 4.1 million tonnes for the Year from approximately 4.9 million tonnes for the Previous Financial Year, and the average selling price for the iron ore sold by the Group decreased slightly by 0.4% to approximately 75.2 United States dollars ("US$") per dry metric tonne for the Year from approximately US$75.5 per dry metric tonne for the Previous Financial Year. The decrease in the shipping volume led to a decrease in the revenue from the iron ore trading business to approximately HK$2,780 million during the Year.

Shopping street at One City

The Group recorded an overall loss of approximately HK$989 million which was mainly attributable to the impairment loss of other intangible assets and property, plant and equipment of the Group's iron ore mining and processing businesses during the Year. An impairment loss of approximately HK$589 million for the Group's iron ore mining and processing businesses was recorded in the Year, against the reversal of the impairment loss of approximately HK$129 million for such businesses recorded in the Previous Financial Year.

Although the average price of the 62% grade iron ore per dry metric tonne was higher in 2017 than in 2016, it fluctuated wildly during the Year and it is still far from certain whether the commodity's price can stabilize at high levels. The Group have reassessed the plan for the resumption of its iron ore mining and processing operations, and the production plan was then revised and inflation in operating costs was expected in view of the latest operating condition in the relevant countries.

As such, the Group carried out reviews of the recoverable amounts of Billion Win Capital Limited ("Billion Win"), which is considered as the cash generating unit ("CGU") of its iron ore mining operations in Malaysia, and those of United Goalink Limited ("UGL"), which is considered as the CGU of its iron ore mining operations in Brazil. Approximately HK$589 million of the impairment loss in aggregate against other intangible assets and property, plant and equipment for the Group's iron ore businesses in Malaysia and Brazil was recorded for the Year after the Group referred to the valuations conducted by an independent valuer. During the Year, the Group suspended its iron ore mining and processing operations because the iron ore prices did not yet stabilize at a high enough level to make the business segment profitable.

Basic loss per share was 7.99 HK cents for the Year, compared with the basic loss per share of 1.20 HK cents for the Previous Financial Year.

The Board does not recommend payment of a final dividend for the Year (the Previous Financial Year: Nil).

Business Review

Real Estate Investment and Development

The Group aims to grasp opportunities in the booming property markets in China and foreign countries which are benefiting from China's policies on national development, namely the fostering of the development of the Greater Bay Area, a new type of urbanization that enables coordinated development of urban and rural areas, the urban renewal that comprises the redevelopments of old townships, sites of old factories and old rural villages ("三舊改造"), and the Belt and Road Initiative. It has been developing or investing in property projects in China's vibrant cities with bright prospect, and Jakarta, the capital of Indonesia.

The Group is well-positioned to take advantage of the policy on fostering the development of the Greater Bay Area because the Group has already built a foothold in Guangzhou, the provincial capital of Guangdong province and made a gain from its investment in a property project in Dongguan. The development of the Greater Bay Area is aimed at the integration of the economy of the province and the two special administrative regions, Hong Kong and Macao, by facilitating the cooperation between them. For one thing, the policy can boost the property markets in the three places as it can encourage more people to work and live outside their hometowns within the Greater Bay Area which has a total population of about 66,180,000. In addition, a number of cities and townships in Guangdong province are also undergoing urban renewal, thus adding impetus to the property market there.

The Group has also been building up its business presence in such cities as Yancheng, Suzhou, Huaian and Suqian in Jiangsu province, which is a prosperous province of China, to capitalize on the country's rapid urbanization. Notably, the Chinese government has taken the country's urbanization to a whole new level by embarking on a new type of urbanization that enables coordinated development of urban and rural areas. According to the "*World Urbanization Prospects:*

The 2018 Revision" published by the United Nations, 55.5% of mainland China's population resided in urban areas in 2015, and the average annual rate of growth of the country's urban population was 2.94% during the period from 2010 to 2015; such growth rate is projected to be 2.42% during the period from 2015 to 2020. There is still ample room for further urbanization in mainland China. This can mean plentiful opportunities for property development and investment in the country. Specifically, Jiangsu province is also part of the Yangtze River Delta, which is one of the engines of China's economic growth. The Group is poised to tap the property markets in Jiangsu and its neighbouring areas in the Yangtze River Delta.

All these policies on national development has not only led to the property boom in first-tier cities but also set in motion the same process of unlocking the potential of the property markets in second- and third-tier cities. The Group will keep on seeking opportunities in the promising property markets of other cities in China.

In 2017, the Chinese government pursued its policy on property market regulation in an attempt to curb speculation in real estate and to supply sufficient housing, with specific localized measures to cope with the different market conditions of the cities. For instance, it increased land supply in cities where housing prices had been surging and, at the same time, reduced or even stopped land supply in cities which were plagued by serious housing surpluses. In first- and key second-tier cities, the local governments restricted purchase and sales of properties, imposed price controls and tightened credit. Meanwhile, in the third- and fourth-tier cities, the local governments adopted policies to facilitate housing inventory clearance, thus absorbing the overflow of capital from the first- and second-tier cities that sought opportunities for investment. Overall, nominal growth of investment in China's real estate development edged up to 7.0% in 2017 from 6.9% in 2016 (Source: The National Bureau of Statistics of the PRC ("Natural Bureau of Statistics")). Construction of property projects with GFA of about 1.79 billion sq.m. began in 2017, up by 7.0%. Property sales grew by 7.7% in GFA to about 1.69 billion sq.m., representing a drastic deceleration from the growth of 22.5% in 2016. Property sales value rose by 13.7% to about RMB13.37 trillion, also marking a deceleration from the growth of 34.8% in 2016. The slowdown reflected the effect of the government's property market control measures and also the government's determination to maintain healthy growth of the property market. During the Year, the Group continued to take advantage of the healthy development of China's property market which resulted from the country's regulatory measures. It has also tapped an overseas property market in Indonesia to benefit from China's Belt and Road Initiative. The Group's business of real estate investment and development strengthened its existing operations and made progress in projects which were started in the past three and a half years in the promising markets of economically vibrant cities in the PRC and the capital of Indonesia. During the Year, the Group also acquired equity interests in two new property development projects in Jiangsu, which is one of the flourishing provinces in the PRC.

An apartment building at One City

1. Binhai County of Yancheng City, Jiangsu Province

In Binhai county of Yancheng city, Jiangsu province, the Group is now developing residential and commercial properties on a piece of land of 159,698 sq.m. over which it has the land use rights. The property project is called One City and is situated in the former Laoxijie, which has a long history as a busy thoroughfare and is now the core of Binhai county's CBD. The street is prized for its traditional role in the local economy and prime location, and has been marked out as the first area for the county's urban renewal. One City will be positioned as an urban complex that blends the classical architectural features of the local tradition with modern facilities for culture, tourism, commerce and housing. The property project is accessible by a convenient transportation network that includes two nearby airports, namely Lianyungang Baitabi Airport and Yancheng Airport, the national highway G204 and three expressways, namely Beijing-Shanghai Expressway, Nanjing-Lianyungang Expressway and Nanjing-Jinjiang-Yancheng Expressway.

One City has a combined GFA of approximately 441,000 sq.m. and are developed in two phases. Construction work of the first phase commenced in the third quarter of 2015. The first phase of the project includes residential properties of 11 blocks of apartment buildings and 40 townhouses as well as a shopping street. Presale of both residential properties and shop spaces met with enthusiastic market response. As of 31 March 2018, all the units of the 11 blocks of apartment buildings, more than 90% of the 40 townhouses and over 80% of the shopping units had been presold. Of all the presold units of apartment buildings and townhouses, 90% and 55% respectively were delivered to the home buyers. Revenue of RMB740 million (approximately equivalent to HK$860 million) from the property sales at the first phase of the project was recognized during the Year.

The second phase of One City will comprise 11 blocks of apartment buildings and 40 townhouses as well as a shopping street. Construction of the second phase commenced in the second quarter of 2017. Presale of units in the first 6 blocks of apartment buildings in the second phase began during the Year and met with enthusiastic response from the market. The presold properties were expected to be delivered to buyers by the end of 2019. The Group will develop the remaining, planned residential properties and shop spaces in the second phase of the project and sell them for higher prices to capitalize on the booming market.

2. Guangzhou City, Guangdong Province

Through its indirect wholly-owned subsidiary, Bliss Hero Investment Limited, the Company has two major property investments in Guangzhou's downtown area, including approximately 11,472 sq.m. of office and commercial spaces in a commercial building, 銀海大廈 ("Silver Bay Plaza"), and a 55% equity interest in a commercial and residential property project called Oriental Landmark.

A bird's eye view at One City

During the Year, Silver Bay Plaza had an occupancy rate of over 90%. The Group expects to receive stable rental income from the building.

Oriental Landmark is just a few minutes' walk from Beijing Road, a popular pedestrianized shopping street in the center of the city. The commercial property contains a five-floor shopping arcade with an aggregate GFA of approximately 33,000 sq.m., which was revamped to suit the families' lifestyle in contemporary Guangzhou. The transformation was successful and attracted a number of well-known brands as tenants, including restaurants, child education centers, antique stores, a fitness club and a supermarket. It had an occupancy rate of approximately 85%. The Group will continue to seek for a variety of tenants that can suit the new positioning of Oriental Landmark. It is expected that the revamped shopping arcade will become a top shopping spot and will generate stable rental income for the Group.

Shopping arcade at Oriental Landmark

3. Suzhou City, Jiangsu Province

The Group owns the land use rights over a piece of land with a site area of 100,483 sq.m. in Xishan Island, Wuzhong District, Suzhou city, Jiangsu province of the PRC through a 55%-owned company called Suzhou Jiaxin.

The island is located at the heart of the scenic Taihu Lake, and the plot of land, which is developed by Suzhou Jiaxin, is adjacent to the Xishan Mountain Scenic Area, an ecological park, a farming zone and a zone for folk customs tour on the Xishan Island. The Group is developing a deluxe property project called Fu Yuan, which comprises 51 villas, a deluxe hotel and gardens in an ancient, classical architectural style peculiar to Suzhou, with a total GFA of 46,170 sq.m. The 51 villas, the GFA of which range between approximately 430 sq.m. and approximately 740 sq.m. each, are built in two phases, with 28 in the first and 23 in the second. As of 31 March 2018, certain villas in the first phase of the project had been sold and delivered to the buyers. The second phase of the project and the deluxe hotel are currently under construction. The deluxe hotel has been topped out and will be put into trial operation in the fourth quarter of 2018. The Group will operate the hotel by itself under its own brand.

4. Dongguan City, Guangdong Province

On 5 May 2015, the Company's indirect wholly-owned subsidiary, Prosperity Real Estate Holdings Limited, signed an agreement to form a joint venture with 東莞市丹新置業有限公司 (Dongguan City Danxin Property Company Limited*) ("Dongguan Danxin") for a redevelopment project in Fenggang town in Dongguan city, Guangdong province. The joint venture was subsequently formed under the name 東莞市丹興實業有限公司 (Dongguan City Danxing Industrial Company Limited*) ("Dongguan Danxing").

On 13 March 2018, Greater Sino Investments Ltd. ("Greater Sino") and Honwill Limited ("Honwill"), both indirect wholly-owned subsidiaries of the Company, and Dongguan Danxin entered into an agreement to sell 52.7% of the effective equity interests in 東莞敬培實業有限公司 (Dongguan Honwill Limited") ("Dongguan Honwill") and its subsidiary, Dongguan Danxing (collectively referred to as "Dongguan Honwill Group"), which carry out a redevelopment project in Dongguan city, Guangdong province, to two indirect wholly-owned subsidiaries of 萬科企業股份有限公司 (China Vanke Co., Ltd.*) for a consideration of RMB830 million (equivalent to approximately HK$1,023 million). The Group expects to receive a maximum amount of RMB581 million (equivalent to approximately HK$716 million) upon the completion of the transaction.

5. Xuyi County of Huaian City, Jiangsu Province

On 16 August 2017, the Company's indirect wholly-owned subsidiary, Zhejiang Changxing, entered into an equity transfer framework agreement with 昌盛電氣江蘇有限公司 (Changsheng Electric Jiangsu Co., Ltd.*) ("Changsheng Electric") to ultimately acquire a 70% equity interest in Xuyi Changsheng Property for a consideration of RMB93 million (equivalent to approximately HK$110 million). The Xuyi Acquisition was completed in October 2017.

The principal assets of Xuyi Changsheng Property consist of two land lots in Xuyi county, Huaian city, Jiangsu province (the "Xuyi Land"). The Xuyi Land has an aggregate site area of approximately 83,658 sq.m. and is located in Xuyi Development Zone near Meihua Road and Kuihua Road, Xuyi county, Huaian city, Jiangsu province of the PRC. It is planned for residential and commercial use with a plot ratio of up to 2.5 and planned GFA of up to 206,335 sq.m.

The two land lots are adjacent to each other. The Group considers that the development of residential and commercial properties can unlock their value.

A bird's eye view of Xuyi property development project
(Computer-generated Imagery)

* *For identification purpose only*

6. Suqian City, Jiangsu Province

On 27 November 2017, Zhejiang Changxing entered into an acquisition framework agreement with 欣捷投資控股集團有限公司 (Xin Jie Investment Holdings Group Co., Ltd.*) ("Xin Jie Investment") in respect of the purchase of a 70% equity interest in Suqian Shengda for a consideration of approximately RMB70 million (equivalent to approximately HK$83 million).

The principal assets of Suqian Shengda consist of a land of an aggregate site area of approximately 45,214 sq.m. located at Suqian city, Jiangsu province, the PRC, certain residential units, shop spaces and car parking spaces within the land. As at 31 March 2018, the land had a site area of approximately 26,653 sq.m., which was yet to be developed, and is expected to be earmarked for a residential property project called Imperial Land, which will comprise blocks of residential buildings and car parking spaces, with a total GFA of 95,778 sq.m.

7. West Jakarta, Indonesia

In 2015, the Group diversified its real estate investment and development businesses into the promising market of Jakarta, Indonesia to tap into the hot demand for residential properties in the CBD. The growing middle class and the rich have been craving for apartments that enjoy convenient access to the workplace, urban facilities and amenities in the capital city.

In October 2015, the Company, through an indirect wholly-owned subsidiary, acquired an effective equity stake of 75% in an Indonesian incorporated company called PT. Tritama Barata Makmur, which owned a piece of land in the heart of the CBD of West Jakarta, Indonesia, with a site area of 4,403 sq.m. and an aggregate GFA of approximately 22,000 sq.m. The land parcel is connected to the two toll gates of Jakarta Outer Ring Road, and the Group planned to develop a condominium for residential and commercial uses on the site. The project is under construction and presale of the residential properties started in May 2017. Approximately 20% of the 208 units were presold as at 31 March 2018.

The improvement of Jakarta's infrastructure, coupled with the Indonesian government's policy to allow foreigners to own a luxury condominium priced at a minimum of IDR (Indonesian Rupiah) 10 billion, is expected to attract more home buyers to the capital and thus to boost the value of the properties in and around the capital city.

Apartment buildings of Imperial Land (Computer-generated Imagery)

A guest room of the apartment show flat at West Jakarta project

PRC Steel Market

Resumed acceleration of China's economic growth and steadily growing investment in infrastructure stimulated the country's demand for crude steel in 2017. Its apparent crude steel consumption rose by 8.19% to about 766.35 million tonnes in 2017, far outpacing the growth of 1.3% in 2016. (Source: "2018年中國粗鋼行業產量及鋼材需求情況走勢分析" — 行業頻道, dated 12 April 2018).

However, it is not all roses for the industry because oversupply persisted in China's steel market. According to the "*Steel Exports Report: China*" published by the International Trade Administration of the Department of Commerce of the United States of America in March 2018, China's steel production outstripped the country's demand by 59.5 million metric tonnes in 2017 although the gap already narrowed from the 93.1 million metric tonnes in 2016.

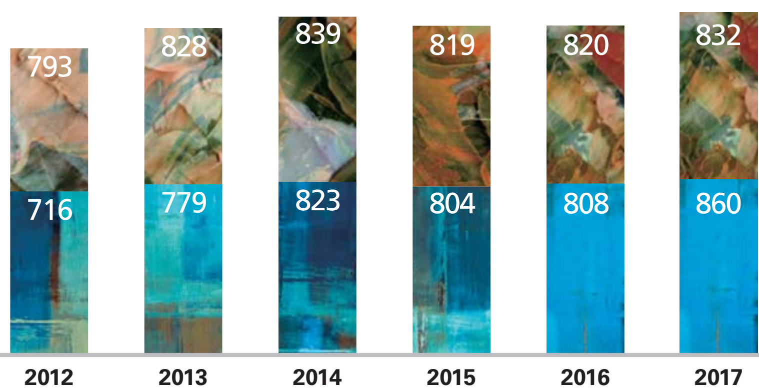
To mitigate the problem of oversupply, Chinese steel mills had been trying to export the surplus, only to meet with resistance from some export destinations which accused China of dumping its goods on their markets. This, coupled with China's success in cutting some inefficient and polluting steel production capacity, caused the country's steel exports to plunge by 30.5% to 75.4 million metric tonnes in 2017. (Source: General Administration of Customs of the People's Republic of China ("China Customs")). Though there are some positive signals in the PRC steel market, there are still a number of uncertainties. The plunge in exports would probably exacerbate the oversupply in the domestic market again and the prospect of the PRC steel market should be viewed cautiously.

Global Steel Production: China vs Rest of the World 2012–2017

(in million tonnes)

Source: World Steel Association

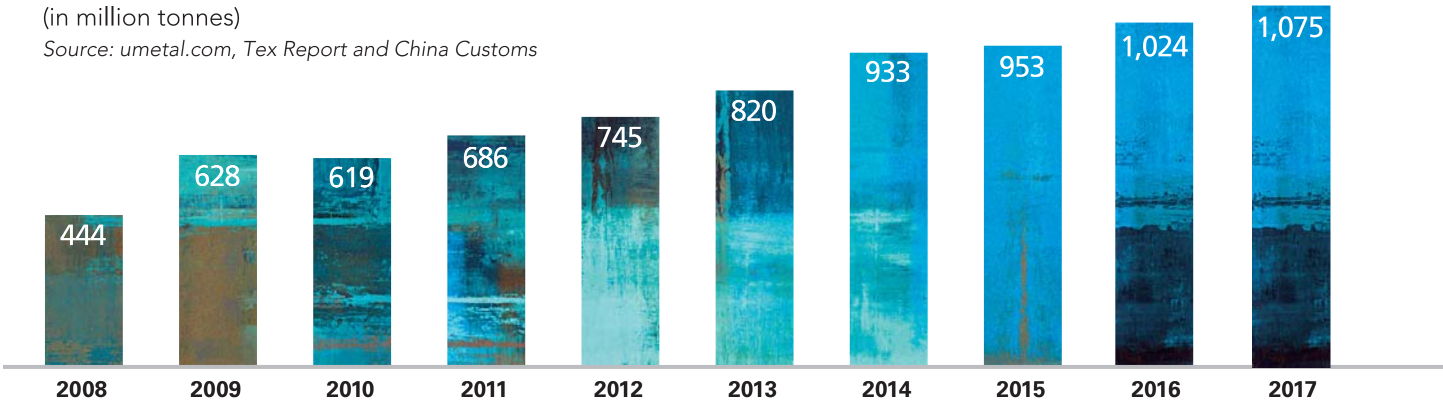
China ROW



PRC's Iron Ore Imports From 2008 to 2017

(in million tonnes)

Source: umetal.com, Tex Report and China Customs



PRC Iron Ore Market

Iron ore price fluctuated wildly in 2017 as the factors that boosted or depressed the commodity's price alternated with each other to prevail in the relationship between supply and demand.

While the consistently strong demand from China, which consumed about two-thirds of the world's seaborne iron ores, could have sustained the commodity's price at high levels, the rapid capacity expansion of the world's leading iron ore firms and the increased overall supply of the commodity exerted severe downward pressure on the price.

Similar to the case of the PRC steel market, the PRC iron ore market would probably face the problem of oversupply and stockpiling in the near future. The problem will spill over from the upstream iron ore corporations, which expand production rapidly, into the downstream steel producers, which stockpile iron ore. These show that the fundamentals of the PRC iron ore market are not strong enough to support a promising prospect.

Iron Ore Mining, Processing and Trading Operations

The Group sources iron ore mainly from South Africa, and also produces the commodity through its 85%-held mine in Ceará, Brazil (the "Brazil Mine") and its wholly-owned mine in Sri Jaya, State of Pahang, Malaysia (the "Malaysia Mine") and two ore processing plants, of which one is located in Sri Jaya (the "Sri Jaya Plant") and one is located in Zon Perindustrian Gebeng (the "Gebeng Plant") (collectively referred to as the "Malaysia Plant") in State of Pahang, Malaysia, and then ships it mainly to the large steel mills in China.

During the Year, the volume of tonnage of iron ore shipped by the Group decreased by 16.3% to approximately 4.1 million tonnes for the Year from approximately 4.9 million tonnes for the Previous Financial Year, and the average selling price for the iron ore sold by the Group decreased slightly by 0.4% to approximately US$75.2 per dry metric tonne for the Year from approximately US$75.5 per dry metric tonne for the Previous Financial Year.

Meanwhile, the Group suspended its iron ore mining and processing operations in an attempt to minimize the operating loss. It was because the commodity's price had not yet stabilized at a high enough level for the business segment to be profitable following a drastic decline that lasted from early 2013 to the end of 2015 amid a market glut.

1. **Malaysia Iron Ore Mining Operation**

   The Malaysia Mine is a resource-rich mine in Malaysia and has a total mining area of approximately 420 acres. As at 31 March 2018, it had a total probable reserve of 94.5 megatonnes ("Mt") at an average grade of 41.7% iron, which exceeded the 30% crude iron ore average grade in China. The Malaysia Mine is an open pit mine which has a mine life of approximately 19 years based on the latest mining plan.

   The Group produces the processed iron ore products mainly through the Sri Jaya Plant, which is adjacent to the Malaysia Mine. The products are processed through a relatively low-cost process, including ballmilling, magnetic separation and dewatering. The Sri Jaya Plant is designed to have a throughput capacity of 6 Mt per annum, producing 3 Mt of saleable products per annum. During the Year, the iron ore mining and processing operations were suspended because the iron ore price had not yet stabilized at a high enough level for the operations to be profitable.

2. **Brazilian Iron Ore Mining Operation**

   The Group holds an exploration right over a mining site of approximately 600 square kilometers ("sq.km.") and mining concessions over 3 sq.km. of the Brazil Mine through its 85%-held company, UGL.

   The Group produces the processed iron ore products through the processing plant which is adjacent to the mining concessions and where installation of equipment was completed in 2013. The products are processed through a relatively low-cost process, including magnetic separation. The processing plant is designed to have a throughput capacity of one million tonnes per annum, producing approximately 600,000 tonnes of saleable products per annum. During the Year, UGL suspended its operations to minimize operating loss because the iron ore price did not stabilize at a high enough level for the operations to be profitable.

Clinker and Cement Trading Business and Operation

In 2017, the PRC's cement output decreased by 3.1% to about 2.34 billion tonnes (Source: National Bureau of Statistics) as the authorities stepped up their efforts to enforce the environmental laws. The decreased supply and robust demand combined to drive up the commodity's price. China's cement price index ("CEMPI") increased from 102.43 points on 30 December 2016 to 149.90 points on 29 December 2017 (Source: 中國水泥網 ccement.com).

The Group sourced cost-competitive cement and clinker, predominantly from the Far East and South East Asia, and then mainly supplied the materials to customers in North America and the Asia Pacific Region during the Year. It has been the Group's strategy to satisfy its customers' demand for cost-competitive materials by sourcing from countries where suppliers are pricing them aggressively because of the oversupply in their domestic markets. The Group seized such opportunities by matching its customers' preferences to its suppliers' need to export. It also kept assessing the regional supply and demand situation in order to spot any opportunities for trading and to strike a balance between its long-term and short-term trading strategies.

In October 2016, the Group tried to expand its business of clinker and cement by reaching an agreement with Prosperity Materials (International) Limited ("PMIL") to acquire 25% of the issued share capital of Indonesia Conch and its subsidiaries. The Indonesia Conch Acquisition was completed on 14 July 2017. For more information about the Indonesia Conch Acquisition, please refer to the Company's circular dated 12 May 2017.

Indonesia Conch is a company incorporated in Indonesia and Indonesia Conch Group operates a cement plant in South Kalimantan, Indonesia. The cement plant is equipped with a grinding mill station, coal-fired power plant and two clinker cement production lines. Each clinker cement production line has a capacity to produce 3,200 tonnes of clinker per day. Indonesia Conch Group also owns two sets of cement grinding mills and a private jetty near Port of Merak and Jakarta-Banten Highway. The jetty consists of five berths, of which two each has a total capacity of 50,000 tonnes in deadweight tonnage. The Indonesia Conch Acquisition will enable the Group to benefit from a boom in Indonesia's clinker and cement manufacturing industry. The prospect of the industry is bright as the Indonesian government is committed to enhancing the country's infrastructure. Moreover, Indonesia, which is also one of the countries covered by China's Belt and Road Initiative, can expect the policy to help foster its local economic development in the long term.

Granite Mining Operation

The Company owns the Xiang Lu Shan Granite Mining Site in Guangxi, the PRC (the "Guilin Granite Mine") through the 60%-owned WM Aalbrightt Investment Holdings (Hong Kong) Limited, which has a mining permit to produce up to 40,000 cubic metres ("m^3") (equivalent to approximately 102,000 tonnes) of granite products per annum at the site. Its feldspar powder plant there has a designed annual production capacity of 100,000 tonnes.

The products from the Guilin Granite Mine are dimension stone and feldspar powder. Dimension stone is a high value product for building materials, decorative tiles, sanitary ware, porcelain and tableware, while the feldspar powder can be used in the ceramics and glass industries. The granite production is clean, with a minimal waste ratio as the waste material can be used for road construction.

The existing mining license covers an area of 2.0371 sq.km. and the current exploration area only covers 0.8 sq.km. of the leased area of the quarry. There is still room for further exploitation of the stone resources.

The Group had assigned a local technical team to exploit the granite mine and design a processing plant to improve product quality and production volume to meet customers' requirements.

Share Placement

On 9 June 2017, the Company and a subscriber (the "Subscriber") entered into a subscription agreement dated 9 June 2017 (the "Subscription Agreement") and subsequently amended by a deed of amendment on 13 June 2017 (the "Deed of Amendment"), pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for the 1,959,122,793 new ordinary shares of the Company (the "New Subscription Shares") in two tranches at the price of HK$0.11 per New Subscription Share pursuant to the terms and conditions of the Subscription Agreement as amended and restated by the Deed of Amendment (the "Amended and Restated Subscription Agreement").

On 14 May 2018, the Subscriber has only subscribed for and been allotted 227,272,727 New Subscription Shares, and the Company has not yet received the consideration for the remaining 1,731,850,066 New Subscription Shares (the "Remaining Subscription Shares") to fully complete the subscription of the New Subscription Shares. Due to the prolonged delay in the completion of the subscription of the New Subscription Shares and inability of the Subscriber to procure a firm commitment to fully complete the subscription of the New Subscription Shares within a defined timeline, the Company has decided to terminate the Amended and Restated Subscription Agreement in relation to the Remaining Subscription Shares.

The 227,272,727 placed shares accounted for 2.18% of the Company's enlarged share capital immediately after completion of the share placement. The Company received a net proceed of approximately HK$25 million from the placement and approximately HK$21 million was used for partial repayment of the Group's existing loans and interests, and the remaining balance was used as general working capital of the Group.

For further details, please refer to the announcements of the Company dated 9 June 2017, 13 June 2017, 18 August 2017 and 14 May 2018.

Issue of Bonds

On 10 January 2017, the Company entered into an agreement pursuant to which a referral agent agreed to act as a referral agent for the purposes of referring subscribers to the Company on a best effort basis for the issue of the 6.5% coupon bonds due 2019 (the "Bonds") in an aggregate principal amount of up to HK$300 million from 10 January 2017 to 30 June 2017, and was further extended to 30 September 2017.

Bonds in an aggregate principal amount of HK$72 million were successfully subscribed by several independent individual investors during the Previous Financial Year and a further HK$126 million of the principal amount of Bonds were successfully subscribed during the Year.

HK$121 million out of the total proceeds of HK$198 million was used by the Company for partial repayment of the Group's existing loans and interests and the remaining balance was used as general working capital of the Group.

Further details of the Bonds can be found in the Company's announcements dated 10 January 2017 and 17 July 2017.

Statement on Portfolio of Mineral Resources and Ore Reserves

The Group has developed a portfolio of diverse resources comprising iron ore and granite in Malaysia, Brazil and the PRC.

The Group owns the Guilin Granite Mine, which produces dimension stone and feldspar powder. The Group also owns Malaysia Mine and Malaysia Plant in Malaysia and Brazil Mine with the aim to develop a portfolio of iron ore to weather the changes in the market better with a more stable supply of quality iron ore. Details about the operation of the three mines can be found in the section of "Iron Ore Mining, Processing and Trading Operations" and "Granite Mining Operation" under "Business Review" section of this annual report.

For the purpose of this section, mineral resources are concentration or occurrence of materials of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for their eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Exploration that consists of drilling, trenching, pitting and other methods is the methodology to obtain these specific geological evidences. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured resources, as defined in the Joint Ore Reserves Committee (the "JORC") Code (elaborated below). In common practice, geological confidence is predominantly determined by the level of detail of exploration work done.

Ore reserves are defined as the economically mineable part of a measured, and/or indicated resource, taking into account diluting materials and allowances for losses, which may occur when the material is mined. Ore reserves are sub-divided in order of increasing confidence into probable reserves and proved reserves. Factors such as product price, exchange rate, mining pit design, processing cost, transportation cost and other factors are thoroughly justified during the estimation of ore reserves by independent technical adviser.

Iron Ore

Although no material exploration activity was carried out during the Year, changes to resources and reserves were made due to ongoing production and revision of mining plans. The tables below reflect those changes and detail the mineral resources and ore reserves with a cut-off grade of 30% as at 31 March 2018.

The report on mineral resources and ore reserves of the Malaysia Mine are prepared based on the technical report of Blackstone Mining Associates Limited, an independent mining and geological consulting company, as stated in the circular of the Company dated 30 August 2014 (the "Sri Jaya Report") in accordance with the "Australasian Code for Reporting Mineral Resources and Ore Reserves" (2012 edition published by the JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia (the "JORC Code"); for determining mineral resources and ore reserves, while the report on mineral resources and ore reserves of the Brazil Mine are prepared based on the Group's internal geologist report (the "Brazilian Report") in accordance with the JORC Code. The presentation of the data in round figures may result in minor computational discrepancies. Such discrepancies are deemed to be insignificant whenever this occurs.

Projects	Classification	Quantity (Mt)	Fe Grade (%)
MINERAL RESOURCES			
Malaysia Mine	Indicated	107.4	43.8
	Inferred	70.7	42.0
	Sub-total	178.1	43.1
Brazil Mine	Indicated	11.3	35.7
	Inferred	–	–
	Sub-total	11.3	35.7
Total	Indicated	118.7	43.0
	Inferred	70.7	42.0
	Total	189.4	42.6
ORE RESERVES			
Malaysia Mine	Proved	–	–
	Probable	94.5	41.7
	Sub-total	94.5	41.7
Brazil Mine	Proved	–	–
	Probable	9.6	36.5
	Sub-total	9.6	36.5
Total	Proved	–	–
	Probable	104.1	41.2
	Total	104.1	41.2

* *Assumed average cut-off grades for both Malaysia Mine and Brazil Mine are 30%.*

All assumptions and technical parameters for the preparation of the above figures have not been materially changed from those in the Sri Jaya Report and Brazilian Report and continued to apply to the data disclosed above.

During the Year, no material exploration activity was carried out at both mines. The following tables detail the mining and production activities, and the expenditure incurred for mining and development activities of both mines.

	For the Year		For the Previous Financial Year	
	Malaysia Mine tonnes	Brazil Mine tonnes	Malaysia Mine tonnes	Brazil Mine tonnes
Mining volume (by quarter ended)				
30 June 2017/2016	–	–	–	–
30 September 2017/2016	–	–	–	–
31 December 2017/2016	–	–	–	–
31 March 2018/2017	–	–	–	–
Production volume (by quarter ended)				
30 June 2017/2016	–	–	–	–
30 September 2017/2016	6,050	–	–	–
31 December 2017/2016	–	–	–	–
31 March 2018/2017	–	–	–	–

	For the Year		For the Previous Financial Year	
	Malaysia Mine HK$'000	Brazil Mine HK$'000	Malaysia Mine HK$'000	Brazil Mine HK$'000
Major expenditure incurred in respect of mining activities				
— Royalty payment to mining lease holder	–	N/A*	–	N/A*
— Transportation and fuels	–	–	–	–
— Labour costs	–	–	–	–
Capital expenditure incurred in respect of development activities				
— Purchase and construction of mining properties and machinery	–	–	–	–

* *The Brazil Mine has no obligation to pay any royalty.*

Granite

The Company acquired the Guilin Granite Mine through the acquisition of a 60% interest in WM Aalbrightt Investment Holdings (Hong Kong) Limited in 2007. The Company engaged Minarco-Mineconsult ("MMC"), an independent technical adviser, to prepare a technical report in 2007 when the Company acquired the Guilin Granite Mine. With the given exploration results in accordance with "Chinese Standard for Reporting Mineral Resources and Ore Reserves" (published by Ministry of Land and Resources of the PRC in 1999), MMC made a feasibility assessment on the granite stone resources in comparative terms with the reporting requirements of the JORC Code and the Code and Guidelines for technical assessment and/or valuation of mineral and petroleum assets and mineral and petroleum securities for Independent Expert Reports (the "Valmin Code") as of 14 December 2007 (the "MMC Report"). In 2008 and 2009, the Company engaged Rockhound Limited, an independent technical adviser, to investigate and assess granite stone resources and the mining operation (including the mining process, operating cost and sales and marketing) of the Guilin Granite Mine in accordance with the JORC Code as of 23 November 2008 and 25 June 2009 (the "Rockhound Reports"). During the Year, no dimension stone production activity was carried out.

The following tables detail the mineral resources of the Guilin Granite Mine in accordance with the JORC Code and are prepared based on the MMC Report and the Rockhound Reports. The presentation of the data in round figures may result in minor computational discrepancies. Such discrepancies are deemed to be insignificant whenever this occurs.

Products	Classification	Quantity (000 m^3)	% Suitable for dimension stone (%)	Dimension stone quantity (000 m^3)
MINERAL RESOURCES				
M1, M2, R	Indicated	160.0	17.5	28.0
	Inferred	330.0	17.0	56.1
	Sub-total	490.0	17.2	84.1
P & W	Indicated	650.0	19.5	126.8
	Inferred	2,930.0	21.3	624.1
	Sub-total	3,580.0	21.0	750.9
Total	Indicated	810.0	19.1	154.8
	Inferred	3,260.0	20.9	680.2
	Total	4,070.0	20.5	835.0

All assumptions and technical parameters for the preparation of the above figures have not been materially changed from those in the MMC Report and Rockhound Reports, and continued to apply to the data disclosed above.

There was no material change in the mineral resources as compared to 31 March 2017. During the Year, 4,953 tonnes of granite feldspar powder was mined and 6,035 tonnes of granite feldspar powder was produced. The Group incurred approximately HK$5.7 million of expenditure for its mining activities and did not incur any of capital expenditure in respect of its development activities.

Financial Review

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the consolidated financial statements and the related notes in this report.

Results of Operations

For the Year, revenue decreased to approximately HK$4,480 million from approximately HK$4,521 million for the Previous Financial Year. The Group's gross profit decreased by 11.9% to approximately HK$280 million for the Year from approximately HK$318 million for the Previous Financial Year. The decrease in the gross profit was mainly due to the combined effects of both the lower volume of trade in the commodity and slight decrease in the average selling price for the iron ore sold by the Group during the Year. However, such decrease was partly offset by the increase in the gross profit after the Group's recognition of the sales from One City in Jiangsu province for the Year.

The Group's selling and distribution costs (excluding depreciation) were approximately HK$97 million for the Year as compared to approximately HK$68 million for the Previous Financial Year. It represented about 2.2% of the revenue for the Year, compared to 1.5% for the Previous Financial Year. The administrative expenses (excluding depreciation), which mainly represented staff costs, including directors' emoluments, legal and professional fees and other administrative expenses, were approximately HK$222 million which decreased from that of the Previous Financial Year of HK$232 million. The increase in the selling and distribution costs were mainly due to the Group's pre-sales activities for the second phase of the Group's property project — One City, which had its presales began during the Year, while the decrease in the administrative expenses reflected the Group's continuous effort in tightening the costs during the Year.

The Group recorded an impairment loss of approximately HK$666 million and allowance for receivables of approximately HK$25 million during the Year. In the Previous Financial Year, a reversal of impairment loss of approximately HK$129 million, an impairment loss of approximately HK$49 million and allowance for receivables of approximately HK$26 million were recorded. The breakdown of major items included in the impairment loss and reversal of impairment loss for both the Year and for the Previous Financial Year are shown as follows:

	(Impairment loss)/ reversal of impairment loss	
	2018 **HK$'000**	2017 HK$'000
Malaysia Iron Ore Mining Operation	**(534,641)**	79,790
Brazilian Iron Ore Mining Operation	**(54,716)**	48,610
Granite Mining Operation	**(43,000)**	(22,000)

Malaysia Iron Ore Mining Operation

During the Year, the Group performed a reassessment on the resumption plan of the Malaysia Iron Ore Mining Operation. In view of the latest operating condition, the production plan was revised and inflation in operating costs was expected. The combined effects of both factors outweigh the benefit from the increase in forecasted selling price, which was made reference to the market consensus on forecast price of 62% grade iron ore that sourced from Bloomberg (the "Forecasted Price"). As such, the Group carried out a review of the recoverable amount of Billion Win, which is considered as the CGU of the Malaysia Iron Ore Mining Operation. As a result, an impairment loss on other as intangible assets and property, plant and equipment of approximately HK$535 million in aggregate was made by the Group, against approximately HK$80 million in aggregate of the impairment loss was reversed in the Previous Financial Year.

Brazilian Iron Ore Mining Operation

The Group operates the Brazil Mine through UGL with 85% effective interest.

During the Year, the Group re-assessed the resumption plan of the Brazilian Iron Ore Mining Operation. With reference to the latest operating condition of the Brazil Mine, since the effect of the increase in forecasted operating costs outweigh the favorable effect from the increase in the forecasted selling price, which was made reference to the Forecasted Price, the Group also carried out review of the recoverable amount of UGL, which is considered as the CGU of the Brazilian Iron Ore Mining Operation. As a result, an impairment loss on other intangible assets and property, plant and equipment of approximately HK$55 million in aggregate was made by the Group, against approximately HK$49 million in aggregate of impairment loss was reversed in the Previous Financial Year.

Granite Mining Operation

Having regard to the change in production plan of granite products during the Year, the Group carried out an impairment review of Granite Mining Operation which is considered as a CGU. As a result, an impairment loss on other intangible assets and property, plant and equipment of approximately HK$43 million was recognised during the Year, compared with that of HK$22 million for the Previous Financial Year.

The recoverable amounts of the CGUs have been determined based on the higher of their fair value less costs of disposal (the "FVLCOD") and their value in use (the "VIU"), being the estimated future cash flows of the mining operations of Billion Win, UGL and Granite Mining Operation, discounted to their present value. The Company has engaged an independent professional valuer (the "Valuer") to assess the recoverable amounts of the CGUs.

In arriving the VIU and FVLCOD of Billion Win and the VIU of UGL, the Valuer has adopted the discounted cash flow method, which involved a number of key assumptions, including the iron ore prices, operating costs, as well as the inflation rate over the expected life of the mines. The forecasted selling prices for iron ore and forecasted inflation rates were based on external sources and adjustments were made to the Forecasted Price for the expected quality of the forecast production of the CGU.

Management has estimated the long-term forecast selling prices for iron ore with reference to the Forecasted Price from 2018 to 2022 from Bloomberg, and inflation rate of 2.98%, which was sourced from International Monetary Fund ("IMF") and represented long term inflation rate of the PRC where the ultimate customers located, was applied to selling price thereafter to the end of expected life of the mines.

As for the operating costs, management has made its estimation for Billion Win and UGL with reference to the Sri Jaya Report and past production record respectively, adjusting for the latest operation condition where the relevant assets are located, and applying the long-term inflation rate of the relevant countries, which was sourced from IMF, from 2019 to the end of expected life of the mines.

Taking into consideration the data from the above external sources, both the forecasted selling price and the forecasted operating costs increased from those of the Previous Financial Year. However, the forecasted operating costs increased at a higher extent than the forecasted selling price.

On the other hand, in arriving the FVLCOD of UGL, the Valuer has adopted the market-based approach which was based on the average price-to-sales ratio of several companies listed on the stock exchange of Brazil, discounted for lack of marketability and controlling premium. Such method involved the use of certain key assumptions, which were mainly the price-to-sales ratio that used to apply to the revenue of the UGL. Management estimated the price-to-sales ratio of UGL by referencing to the price-to-sales ratio of the comparable companies, which was sourced from Bloomberg as at the end of the reporting period.

Therefore, the recoverable amounts of the Billion Win and UGL were approximately HK$1,260 million (2017: HK$1,942 million) and approximately HK$13 million (2017: HK$78 million) respectively.

In respect of the impairment test of the Granite Mining Operation, the key assumptions include the production plan of granite products as well as the inflation rates over the expected life of the mine. Management has estimated the long term forecast production plan for granite products with reference to the management's expectation on the market performance, and inflation rate of 2.98% was applied from 2019 to the end of expected life of the mine. The inflation rate, which was sourced from IMF, represented long term inflation rate of the PRC where the ultimate customers were located. The recoverable amount of the Granite Mining Operation was approximately HK$83 million (2017: HK$129 million), being on the VIU of the Granite Mining Operation.

There was no change in valuation method in assessing the recoverable amounts for impairment assessment of the CGUs for the Year and the Previous Financial Year.

The finance costs were approximately HK$219 million (of which approximately HK$3 million were capitalised) for the Year, which slightly increased from approximately HK$205 million (of which approximately HK$9 million were capitalised) for the Previous Financial Year.

The derivative financial instruments mainly represented derivatives embedded in the available-for-sale financial assets as at 31 March 2018, while that as at 31 March 2017 mainly represented derivatives embedded in the convertible bonds. The fair value gain on revaluation of the derivative financial instruments amounted to approximately HK$63 million was recognised during the Year as compared to that of HK$54 million for the Previous Financial Year.

Loss attributable to the owners of the Company for the Year was approximately HK$961 million, compared with a net loss of approximately HK$120 million for the Previous Financial Year. The increase in loss was mainly due to approximately HK$633 million arising from impairment losses of other intangible assets and property, plant and equipment, including the Company's wholly-owned mine in Malaysia, 85%-held mine in Brazil and the Guilin Granite Mine, and the decrease in the profit from the Group's iron ore trading business, offset by the profit earned from the sales of the Group's commercial and residential projects in Binhai county of Yancheng city. The basic loss per share for the Year was 7.99 HK cents, compared with the basic loss per share of 1.20 HK cents for the Previous Financial Year.

Material Acquisition, Disposal and Other Transactions

(a) Share Placement

On 9 June 2017, the Company and the Subscriber entered into the Subscription Agreement and subsequently amended by the Deed of Amendment, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for the 1,959,122,793 New Subscription Shares in two tranches at the price of HK$0.11 per New Subscription Share pursuant to the terms and conditions of the Amended and Restated Subscription Agreement.

On 14 May 2018, the Subscriber has only subscribed for and been allotted 227,272,727 New Subscription Shares. The Company has not yet received the consideration for the 1,731,850,066 Remaining Subscription Shares to fully complete the subscription of the New Subscription Shares.

Due to the prolonged delay in the completion of the subscription of the New Subscription Shares and inability of the Subscriber to procure a firm commitment to fully complete the subscription of the New Subscription Shares within a defined timeline, the Company has decided to terminate the Amended and Restated Subscription Agreement in relation to the Remaining Subscription Shares and the Company is taking legal advice whether to make any claim against the Subscriber for breach of the Amended and Restated Subscription Agreement. The Board believes that the termination of the Amended and Restated Subscription Agreement will not have any material adverse effect on the financial position of the Company or the business operation of the Group.

For further detail, please refer to the announcements of the Company dated 9 June 2017, 13 June 2017, 18 August 2017 and 14 May 2018.

(b) Provision of financial assistance to an associate of the shareholder of a joint venture company

On 19 July 2017, 杭州承卓貿易有限公司 (Hangzhou Chengzhuo Trading Company Limited*), an indirect wholly-owned subsidiary of the Company, granted a secured loan in the principal amount of RMB80 million (equivalent to approximately HK$99 million) to 鷹潭市當代投資集團有限公司 (Yintan City Dangdai Investment Group Company Limited*) ("Yintan Dangdai"), formerly known as 廈門當代投資集團有限公司 (Xiamen Dangdai Investment Group Company Limited*), for a term of one year at 8% per annum, or a daily rate of 0.022% (the "Yintan Dangdai Loan"). Yintan Dangdai Loan is guaranteed by Mr. Wang Chunfang, the legal representative of the Yintan Dangdai, and pledged by 30% equity interests in 廈門市欣東聯房地產開發有限公司 (Xiamen Xindonglian Property Development Company Limited*) by 漳州昇邦物業服務有限公司 (Zhangzhou Shengbang Property Services Company Limited*).

* *For identification purpose only*

A subsidiary of Yintan Dangdai established a joint venture company, 長泰金鴻邦房地產開發有限公司 (Changtai Jinhongbang Property Development Company Limited*) ("Changtai") with an indirect wholly-owned subsidiary of the Company in 2010, and subsequently Yintan Dangdai purchased the interests in Changtai in 2015.

For details about the arrangement, please refer to announcement of the Company dated 19 July 2017.

(c) Acquisition of shares in PT Conch Cement Indonesia

On 14 July 2017, the Company, through its wholly-owned subsidiary, Full Right Asia Limited ("Full Right") completed the acquisition of 25% of the issued share capital of Indonesia Conch from PMIL at a consideration of HK$450 million by issuing 5% per annum guaranteed convertible bonds (and 8% per annum starting from the maturity of third anniversary of the date of the issue) (the "PMIL Convertible Bonds") of HK$100 million, which carry rights to convert into 666,666,667 ordinary shares of the Company (the "Shares") to PMIL, and allotting and issuing of 2,333,333,333 Shares to PMIL (the "Consideration Shares"). The Company redeemed the PMIL Convertible Bonds in two batches amounted to HK$50 million each on 21 August 2017 and 6 October 2017 respectively.

Indonesia Conch is a company incorporated in Indonesia and Indonesia Conch Group principally engages in the production and sale of clinker and cement products. Indonesia Conch is owned as to 75% by Anhui Conch Cement Company Limited, a company incorporated in the PRC whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 914) and the Shanghai Stock Exchange (Stock Code: 600585) and as to 25% by Full Right.

For further details, please refer to the announcements of the Company dated 26 October 2016, 28 April 2017, 31 May 2017, 27 June 2017 and 14 July 2017 and the circular of the Company dated 12 May 2017.

(d) Acquisition of 70% of the equity interests in Xuyi Changsheng Property Co., Ltd.

On 16 August 2017, Zhejiang Changxing, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer framework agreement with Changsheng Electric to ultimately acquire 70% of the equity interests in Xuyi Changsheng Property, at a consideration of approximately RMB93 million (equivalent to approximately HK$110 million).

For further detail, please refer to the announcement of the Company dated 16 August 2017.

After the completion of the Xuyi Acquisition, Xuyi Changsheng Property will own the Xuyi Land, which are located adjacent to each other, at Xuyi county, Huaian city, Jiangsu province, the PRC. The Xuyi Land has an aggregate site area of approximately 83,658 sq.m. and is planned for residential and commercial use with a plot ratio of up to 2.5 and the site area for construction of up to 206,335 sq.m. of GFA can be constructed. The Xuyi Acquisition was completed in October 2017.

(e) Provision of financial assistance to a non-controlling shareholder of a subsidiary and its subsidiary

On 21 September 2017 and 7 December 2017, 廣州富春東方地產投資有限公司 (Guangzhou Fuchun Dongfang Real Estate Investment Company Limited*) ("Fuchun Dongfang"), a 55%-owned subsidiary of the Company, pledged certain units of Oriental Landmark, for the benefit of a non-controlling shareholder of Fuchun Dongfang, as security for the loans taken by the non-controlling shareholder of Fuchun Dongfang and its subsidiary. Up to 31 March 2018, the outstanding loan balance raised by this non-controlling shareholder and its subsidiary, in aggregation, was approximately RMB729 million (equivalent to approximately HK$898 million). For details about the arrangement, please refer to the announcements of the Company dated 21 September 2017 and 7 December 2017, and the circular of the Company dated 24 November 2017.

(f) Acquisition of 70% of the equity interests in Suqian Shengda Real Estate Development Co., Ltd.

On 27 November 2017, Zhejiang Changxing entered into an acquisition framework agreement with Xin Jie Investment in respect of the purchase of 70% of the equity interests in Suqian Shengda for the consideration of approximately RMB70 million (equivalent to approximately HK$83 million).

* *For identification purpose only*

The principal assets of Suqian Shengda consist of a land of an aggregate site area of approximately 45,214 sq.m. located at Suqian city, Jiangsu province, the PRC, certain residential units, shop spaces and car parking spaces within the land. On the date of the acquisition framework agreement, the land has a site area of approximately 26,653 sq.m. which are yet to be developed, and the expected GFA up to 95,778 sq.m.

For further detail, please refer to the announcement of the Company dated 27 November 2017.

(g) Disposal of equity interests in Honwill Limited and its subsidiaries

On 13 March 2018, Greater Sino, Honwill, both subsidiaries of the Company, and Dongguan Danxin, the joint venture partner of the Company, entered into the co-operation agreement with Dongguan Vanke Real Estate Company Limited* (東莞市萬科房地產有限公司) ("Dongguan Vanke") and Hybest (BVI) Company Limited ("Hybest"), both subsidiaries of China Vanke Co., Ltd. to sell their interests of the property development project in Dongguan city, Guangdong province, the PRC (the "Redevelopment Project") at a consideration of RMB830 million (equivalent to approximately HK$1,023 million) (subject to adjustments) (the "Honwill Disposal"). The disposal of the Redevelopment Project will be completed by transferring 52.7% of the effective equity interests in Dongguan Honwill through disposal of its certain equity interests in Honwill.

For detail, please refer to the announcement of the Company dated 13 March 2018 and the circular of the Company dated 24 May 2018.

After the completion of the Honwill Disposal, Greater Sino, Honwill and its associates will receive a maximum amount of RMB581 million (equivalent to approximately HK$716 million).

As at 31 March 2018, the Group has received a deposit of HK$150 million (equivalent to approximately RMB120 million). The Company has transferred 49% of the equity interests in Honwill to Hybest and 36% of equity interests in Dongguan Honwill to Dongguan Vanke in April 2018, and received RMB75 million (equivalent to approximately HK$91 million). Up to the date of this report, the remaining consideration of RMB386 million (equivalent to approximately HK$475 million) has not yet been received and the disposal of the interests in the Redevelopment Project has not yet been completed.

(h) Exercise of put option

On 9 April 2015, Rui Sheng Global Holdings Limited ("Rui Sheng"), a wholly-owned subsidiary of the Company, entered into the subscription agreement with Hao Tian Finance Company Limited ("Hao Tian Finance"), pursuant to which Rui Sheng agreed to subscribe for 100,000,000 new shares in the capital of Hao Tian Finance ("HT Subscription Shares") for an aggregate consideration of HK$100 million, and Hao Tian Development Group Limited ("Hao Tian Development") has granted an option to Rui Sheng to require Hao Tian Development to purchase all or part of the HT Subscription Shares at HK$1.15 per HT Subscription Share (i.e. at HK$115 million in total) ("HT Put Option") from Rui Sheng if Hao Tian Finance cannot be listed on the Main Board or the GEM of the Stock Exchange within three years.

* *For identification purpose only*

On 9 April 2018, Rui Sheng exercised the HT Put Option. The total repurchase price of the HT Subscription Shares is HK$115 million and shall be payable by Hao Tian Development partly by way of deduction of the indebtedness owed by the Group to Hao Tian Finance and partly by way of cash.

For details about the arrangement, please refer to announcement of the Company dated 9 April 2018.

Liquidity, Financial Resources and Capital Structure

The total shareholders' fund of the Group as at 31 March 2018 was approximately HK$1,964 million (2017: HK$2,341 million). As at 31 March 2018, the Group had current assets of approximately HK$4,537 million (2017: HK$4,533 million) and current liabilities of approximately HK$4,426 million (2017: HK$4,159 million). The current ratio was 1.03 as at 31 March 2018 as compared to 1.09 as at 31 March 2017. The Group generally finances its operations with internally generated cash flows, credit facilities provided by its principal bankers in Hong Kong and the PRC and proceeds from the placing of new shares, as well as the proceeds from the issuance of bonds, convertible bonds and guaranteed notes. As at 31 March 2018, the Group had outstanding debts (including bank and other borrowings, finance lease payables, convertible bonds, guaranteed notes and bonds) of approximately HK$2,719 million (2017: HK$2,506 million, including bank and other borrowings, finance lease payables convertible bonds, guaranteed notes and bonds). As at 31 March 2018, the Group maintained bank and cash balances of approximately HK$255 million (2017: HK$407 million), whilst the pledged deposits amounted to approximately HK$356 million (2017: HK$70 million). The Group's debt-to-equity ratio (total debts to shareholders' equity) increase slightly from 1.07 as at 31 March 2017 to 1.38 as at 31 March 2018. The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

Capital Structure

The Company repurchased 10,060,000 Shares of HK$0.01 each at prices ranging from HK$0.080 to HK$0.096 per Share on the Stock Exchange (the "Repurchases") and subsequently cancelled during the Year. The total consideration (including transaction costs) of the Repurchases were HK$907,033.

Foreign Exchange Exposure

The trading in the clinker and cement and trading in iron ore and other raw materials are conducted predominantly in US$. The granite mining and production business and the property development business in the PRC are conducted in RMB. The Group has not experienced any material difficulties with its operations or liquidity as a result of fluctuations in currency exchange rates during the Year. The Group does not currently engage in hedging activities against foreign exchange exposure, as it believes that the cost associated with such hedging arrangements would exceed the benefits. However, management will continue to monitor the relevant circumstances and will take such a measure if it is deemed prudent.

Charge on Group Assets

As at 31 March 2018, the Group's banking facilities were secured by:

(a) the charge over certain property, plant and equipment, investment properties, inventories and certain bank deposits of the Group;

(b) equity interests in certain subsidiaries of the Group;

(c) corporate guarantee of the Company;

(d) corporate guarantees of subsidiaries of the Group;

(e) personal guarantee executed by Mr. Wong Ben Koon ("Mr. Wong") and directors of subsidiaries;

(f) deed of subordination of term loan by a related company;

(g) certain rights of mining, processing and selling raw iron ore owned by a subsidiary; and

(h) equity interests in certain companies executed by Mr. Wong and a related company.

Commitments

As at 31 March 2018, the Group had the following commitments:

(a) Operating lease commitments — as lessee

The Group had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	67,366	93,365
In the second to fifth years, inclusive	1,441	7,145
	68,807	100,510

Operating lease payments represent land costs payable by the Group for the properties under development for sale of approximately HK$62 million (2017: HK$85 million) and rentals payable by the Group for the office premises and staff quarters of approximately HK$7 million (2017: HK$15 million). Leases are negotiated for a term of one to five years and rentals are fixed over the lease terms and do not include contingent rentals.

(b) Operating lease commitments — as lessor

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 10 years (2017: 1 to 10 years), with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

At 31 March 2018, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2018 HK$'000	2017 HK$'000
Within one year	83,698	43,021
In the second to fifth years, inclusive	240,415	138,280
After five years	180,612	62,684
	504,725	243,985

Human Resources and Remuneration Policy

As at 31 March 2018, the Group had a total of 369 employees. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Remuneration packages are normally renewed on an annual basis, based on performance appraisals and other relevant factors. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. Staff benefit plans maintained by the Group include several mandatory provident fund schemes as well as travel, medical and life insurance.

With a view to retaining certain important employees who will continue to make valuable contribution to the Group, share options to subscribe for shares of the Company in accordance with the share option scheme adopted on 25 September 2009 may be granted.

The Group has not experienced any significant problems with its employees or any disruption to its operations due to labor disputes nor has it experienced any difficulties in the recruitment and retention of experienced staff. The directors of the Company (the "Directors") believe that the Group has a good working relation with its employees.

Outlook

In the future, the Group will continue to shift the focus of its business to property development and investment so as to capitalize on China's policies on national development. This is part of the Group's ongoing move to strengthen its diverse businesses with the aim of broadening its income stream. It is also aimed at minimizing the impact of the adverse iron ore market conditions on the Group's overall business performance. During the Year, this strategy already yielded some results as the Group recorded recognized profit from sales at some of its property projects in some economically vibrant Chinese cities such as Yancheng and Suzhou in Jiangsu province, and stable rental income from its investment properties in Guangzhou, the provincial capital of Guangdong province. It also continued to tap the property market of the capital of Indonesia to capitalize on the country's participation in China's Belt and Road Initiative.

To further the development of its property business, the Group bought a 70% equity interest in a property development company, Xuyi Changsheng Property and also a 70% equity interest in a property development company, Suqian Shengda during the Year. Such acquisitions have shown the Group's efforts to step up its investment in the property market of the vibrant Jiangsu province. In the past three and a half years, the Group's property business already started projects in some vibrant cities in China and the capital of Indonesia. Such property projects are expected to generate considerable income either through rental or sales of properties as they will be completed in the next several years.

The Group also expanded its clinker and cement business. In July 2017, it completed the acquisition of a 25% stake in an Indonesia-incorporated clinker and cement company, Indonesia Conch, to capitalize on a boom in the country's infrastructure sector and the country's participation in China's Belt and Road Initiative.

Looking ahead, the Group will do its best to explore all opportunities arising from China's new type of urbanization and the development of the Greater Bay Area. The Group will also continue to strengthen its business in Indonesia to benefit from China's Belt and Road Initiative.

Directors and Senior Management

Directors

Executive Directors

Mr. WONG Ben Koon, aged 65, is one of the co-founders of the Group and the chairman of the Board. Mr. Wong is responsible for deriving the corporate culture and long term strategic plan of the Group. Mr. Wong has extensive experience in building materials and mineral resources industries in the PRC and global markets.

Dr. MAO Shuzhong, aged 56, was appointed as an executive Director and chief executive officer of the Company on 6 January 2010. Dr. Mao has extensive experience in business management, organization structure and re-organization, the management of mining iron ore, coal and various other metals, as well as marketing, sales and logistics. Prior to joining the Group, Dr. Mao was the vice chairman and president of Northtonhe Holdings Co. Ltd. from May 2006 to July 2008 and the managing director and principal of Auckland Institute of Education, New Zealand from October 2001 to April 2006. He obtained a doctorate degree in economics from Jiangxi University of Finance & Economics, China in 2009, a master's degree in business administration from New York Institute of Technology, U.S.A. in 1999 and a bachelor's degree of arts in English literature from Zhejiang University in Zhejiang, China in 1983.

Ms. Gloria WONG, aged 35, was appointed as an executive Director on 1 June 2010. Ms. Wong has over 10 years' work experience and she is currently responsible for assisting in the implementation of decisions and policies relating the Group's overall business plan as approved by the Board from time to time. Ms. Wong graduated from Queen Mary College, University of London with a bachelor's degree in Economics and Finance and from King's College London with a master's degree in International Management. Ms. Wong is the daughter of Mr. Wong Ben Koon.

Mr. LI Zhimin, aged 53, holds a doctoral degree of management and engineering from University of Science & Technology Beijing in January 2009, a master degree of solid mechanics from University of Science & Technology Beijing in January 1989 and a bachelor degree of metallurgy mechanical engineering from Jiangxi University of Technology in July 1984. Mr. Li has over 30 years of extensive management experience in the metallurgical and railway industry. Mr. Li was a general manager of Sinosteel Corporation from December 1999 to December 2004. Mr. Li was appointed as a general manager of China Metallurgical Raw Materials Corporation from April 2004 to July 2005. He was appointed as vice president of Sinosteel Cooperation from July 2005 to April 2010. From April 2010 to May 2016, Mr. Li acted as deputy general manager of China Railway Materials Company Limited. Prior to joining the Company, Mr. Li served as part time professor and tutor of doctoral candidates in University of Science & Technology Beijing.

Mr. WANG Jiafu, aged 52, holds a master degree of business administration from Macau University of Science and Technology in September 2009 and a bachelor degree of accountancy from Shanghai University of Technology in 1991. Mr. Wang was also an accountant of Ministry of Personnel of the People's Republic of China. Mr. Wang has over 30 years of extensive experience in accounting and finance. Mr. Wang was the head of accounts department of Shanghai Steel Tube Company Limited from August 1986 to April 1999. He was appointed as a financial controller of Tangshan Jianlong Industrial Co., Ltd, a associate company of Fosun International Limited (Stock Code: 656) and chief accountant of Nanjing Iron & Steel Co., Ltd., a subsidiary of Fosun International Limited from April 1999 to April 2008. Mr. Wang was appointed as deputy general manager and deputy chairman of Jiangsu New Huafa Group Co., Ltd. and Jiangsu Prosperity Steel Company Limited ("Jiangsu Steel") from April 2008 to December 2011. From January 2012 to August 2013, Mr. Wang re-appointed as deputy general manager and chief accountant of Nanjing Iron & Steel Co., Ltd. Prior to joining the Company, Mr. Wang worked at PMIL from September 2013 to June 2017, with the last position as the deputy general manager. Mr. Wong Ben Koon, who is also a controlling shareholder of the Company and the chairman of the Board, is the controlling shareholder of PMIL and PMIL holds 50% equity interest in Jiangsu Steel.

Mr. KONG Siu Keung, aged 49, is an executive Director and the chief financial officer of the Company. Mr. Kong holds a master's degree in business administration and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Kong joined the Group in January 2004 and has over 23 years' experience in finance and accounting field. Mr. Kong is a member of the nomination committee of the Company.

Non-executive Directors

Mr. LIU Yongshun, aged 57, has been appointed as an executive Director with effect from 19 September 2011 and re-designated as non-executive Director from 1 February 2014. Before the appointment, Mr. Liu was appointed as a deputy chief executive officer of the Company on 1 June 2011 and will continue to hold such position of the Company. Mr. Liu has extensive experience in raw material supply management for iron and steel making, mineral resource development and raw material trading. Mr. Liu obtained his bachelor's degree in ironing making from Maanshan Institute of Iron Steel (East China University of Metallurgy/Anhui University of Technology) in 1983. He subsequently obtained his Executive Master of Business Administration degree from China Europe International Business School in 2005. He was the president of the Department of Mineral Resources, Shanghai Baosteel Group International Economic and Trading Co., Ltd. from November 2001 to May 2005. He was appointed as deputy general manager of the Purchase Centre of Baosteel Corporation from May 2005 to April 2006. He acted as deputy general manager of Baosteel Trading Co., Ltd. from May 2006 to April 2007. In April 2007, Mr. Liu was appointed as non-executive director of APAC Resources Limited ("APAC"), a listed company on the Stock Exchange (Stock Code: 1104) and re-designated as executive director and chief executive officer of the APAC in July 2007. Mr. Liu resigned as chief executive officer of APAC in December 2009 and has been re-designated as non-executive director of APAC from April 2010 until he resigned on 1 March 2012. Mr. Liu has been appointed as a non-executive director of Up Energy Development Group Limited, a listed company on the Stock Exchange (Stock Code: 307) on 18 December 2015 and re-designated as an independent non-executive director with effective from 20 April 2016.

Mr. WU Likang, aged 51, was appointed as an executive Director on 1 February 2014 and re-designated as non-executive Director from 18 January 2016. He holds a bachelor's degree in Ceramic Engineering from the Wuhan University of Technology. Mr. Wu has over 27 years of extensive experience in the building materials productions and logistic development. Prior to joining the Company, Mr. Wu was appointed as an assistant to the general manager in Anhui Conch Cement Company Limited (the "Conch", Stock Code: 914), the shares of which are traded on the Stock Exchange, the general manager of Anhui Xuancheng Cement Co., Limited and Ningguo Cement Plant of Conch and the head of the Anhui Conch Construction Materials Design Institute. Mr. Wu also held several senior positions in Conch.

Mr. Wu joined the Company as a general manager in the cement division in July 2007 until the disposal of the major cement production business in April 2010. Mr. Wu re-joined the Company in July 2012 as the general manager and chief operating officer of the mineral division of the Company and resigned on 18 January 2016 upon his re-designation as non-executive Director of the Company.

Independent non-executive Directors

Mr. YUEN Kim Hung, Michael, aged 57, was appointed as an independent non-executive Director in January 2002. Mr. Yuen is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of Chartered Professional Accountant, Certified General Accountant of British Columbia. Mr. Yuen has over 20 years' experience in auditing, tax and accounting field. Mr. Yuen is the chairman of the remuneration committee of the Company and the audit committee of the Company. Mr. Yuen has been appointed as an independent non-executive director of New Universe Environmental Group Limited (Stock Code: 436), a listed company on Main Board of the Stock Exchange, since 24 April 2002 and appointed as an independent non-executive director of Steed Oriental (Holdings) Company Limited (Stock Code: 8277), a listed company on GEM of the Stock Exchange, since 16 September 2013 and resigned on 12 August 2016.

Mr. YUNG Ho, aged 73, was appointed as an independent non-executive Director in September 2004. Mr. Yung has extensive experience in the industries of trading and property development in the PRC. Mr. Yung is a member of the audit committee of the Company and a member of the remuneration committee of the Company.

Mr. CHAN Kai Nang, aged 72, was appointed as independent non-executive Director on 17 August 2010. Mr. Chan holds a diploma in management studies from The University of Hong Kong and a bachelor's degree in Law from the University of London. Mr. Chan is an associate member of The Chartered Institute of Management Accountants in the United Kingdom, a fellow member of The Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has been appointed as an independent non-executive director of ZZ Capital International Limited (formerly known as Asian Capital Holdings Limited) (Stock Code: 8295), a listed company on the GEM of the Stock Exchange, from 4 June 2010 to 17 June 2016, an independent non-executive director of Steed Oriental (Holdings) Company Limited (Stock Code: 8277), a listed company on the GEM of the Stock Exchange from 16 September 2013 to 12 August 2016, an independent non-executive director of FDB Holdings Limited (currently known as Dafy Holdings Limited) (Stock Code: 1826), a listed company on the Main Board of the Stock Exchange from 16 September 2015 to 12 January 2018 and an independent non-executive director of PanAsialum Holdings Company Limited (Stock Code: 2078), a listed company on the Main Board of the Stock Exchange from 24 February 2017 to 24 January 2018. Mr. Chan is also currently an independent non-executive director of Soundwill Holdings Limited (Stock Code: 878), a listed company on the Stock Exchange.

Mr. Chan was the deputy chief executive of the Land Development Corporation. He was an executive director and the managing director of the construction materials division of K. Wah Construction Materials Limited (currently known as Galaxy Entertainment Group Limited) (Stock Code: 27), a company listed on the Main Board of the Stock Exchange. Mr. Chan is the chairman of the nomination committee of the Company and a member of remuneration committee of the Company.

Mr. MA Jianwu, aged 69, was appointed as independent non-executive Director on 17 August 2010. Mr. Ma worked as a deputy general manager of Guangzhou Iron & Steel Enterprises Group Co., Ltd. and executive deputy general manager, general manager, vice chairman and party committee secretary of Guangzhou Iron and Steel Co., Ltd. (currently known as Guangzhou Guangri Stock Co., Ltd.) (Stock Code: 600894), a listed company on the Shanghai Stock Exchange, before joining the Company. Mr. Ma is a member of audit committee of the Company and a member of nomination committee of the Company.

Senior Management

Mr. LI Siu Ming Patrick, aged 55, is the director of Prosperity Real Estate Holdings Limited. Mr. Li obtained a bachelor's degree in Social Sciences from the University of Hong Kong in 1985 and a bachelor's degree in Law from Manchester Metropolitan University in 1996. Mr. Li has also obtained a post-graduate diploma in Corporate Administration in 2000 and a master's degree in Professional Accounting from the Hong Kong Polytechnic University in 2001. He retired on 31 March 2018.

Ms. SO Yuen Yee Selina, aged 56, is the general manager of iron ore trading business. She is responsible for the implementation and development of corporate strategy and company administration including the operation of trading activities in Prosperity Minerals Holdings Limited ("PMHL"). She began her career in 1981 with Robin Information Systems and subsequently took on various administrative positions with companies including Radofin Electronics (FE) Ltd, High Fashion Garments Ltd and Leshons Enterprises Ltd. Selina joined Prosperity Merchandise Agency Ltd, a company controlled by Mr. Wong, in 1988 as a director's assistant. In 2003, she was the director and general manager of Prosperity Minerals (Asia) Limited and subsequently took up the position of general manager of Prosperity Minerals Limited in February 2004. She left Prosperity Minerals Limited in March 2018.

Mr. CHEN Hao, aged 59, is the group general manager of the Group's real estate investment and development business. He has nearly 23 years experience in property investment and development in the PRC. He was general manager of Jiaye Real Estate Development Ltd. ("Jiaye") from the time the company was founded in 1999. In 2005, he obtained a masters degree in Quality Management from Hong Kong Polytechnic University. In 2009, Jiaye and two other property development companies merged and formed China Calxon Group Co., Limited (the "Calxon"), which was successfully listed on the Shenzhen Stock Exchange (Stock Code: 918). Before joining the Group in April 2013, he was an executive director and standing vice president of Calxon.

Mr. HONG Chengzhang, aged 57, is a deputy general manager of the Group's real estate investment and development business. He is responsible for the implementation of corporate strategy and overseeing operational activities. He started his career at the Industrial and Commercial Bank of China ("ICBC") in 1978 as a loan officer and was promoted to vice president and president of ICBC Guangzhou Fangcun Branch in 1984 and 1995 respectively. In 1998, he joined Guangzhou Bliss Hero Real Estate Development Limited which was subsequently acquired by the Group in August 2010, as managing director, where he is responsible for overseeing the development and management of Silver Bay Plaza as well as the management of Oriental Landmark.

Mr. TOK Beng Tiong, aged 47, is an executive in charge of the clinker and cement business. Mr. Tok obtained his bachelor's degree in Commerce from the University of New South Wales in Australia. Mr. Tok has over 18 years' experience in building material industry and relevant logistics management in the PRC and global markets. He had been an employee of the Group from December 2001 to February 2003 and re-joined the Group in January 2005.

Mr. HUANG Xianfang, aged 55, is the chief mining engineer of the Company since July 2010 and he is responsible for organising and managing mining activities as well as monitoring compliance with the health and safety regulations at the Malaysia Mine. He has approximately 23 years of experience in the mining industry. Prior to joining the Company, Mr. Huang has held numerous management positions (including assistant engineer, engineer, senior engineer, chief mining engineer and deputy general manager) at various mining companies including group companies of Maanshan Iron & Steel Company Limited (Stock Code: 323) and APAC, and Baoshan Iron & Steel Company Limited, which is currently listed on the Shanghai Stock Exchange (Stock Code: 600019). Mr. Huang holds a bachelor degree from Central-South Institute of Mining and Metallurgy and a master degree in mining from the Mining Department of the University of Science and Technology Beijing.

Ms. LEE Yee Man Hester, aged 42, is the chief accounting officer of PMHL. Hester graduated from the University of Hong Kong with a bachelor's degree in Economics in 1998. Ms. Lee joined PMHL in January 2009 and has over 18 years' experience in commercial and accounting firms. She is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. She is also a Certified Tax Advisor in Hong Kong and a fellow member of the Taxation Institute of Hong Kong.

Mr. LIU Tsz Kit Lawrence, aged 39, is the financial controller of the Company. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He graduated from the Hong Kong Polytechnic University with a bachelor's degree in Accounting. He joined Company in January 2011 and has over 15 years' experience in commercial and international accounting firms in Hong Kong and Mainland China.

Corporate Governance Report

Introduction

The Company is committed to maintaining a high standard of corporate governance, emphasising transparency, independence and accountability, in order to promote the interests of all shareholders and enhance shareholders' value.

The Company's corporate governance practices are based on principles and code provisions as prescribed in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The board of directors of the Company (the "Director" or the "Board") reviews its corporate governance practices during the Year and from time to time with reference to the latest development of corporate governance in order to meet expectations from all interested parties and comply with requirements from relevant regulatory authorities.

In the opinion of the Directors, the Company has complied with all code provisions set out in the CG Code during the Year, except for one non-compliance that is discussed under the section "Annual General Meeting" in this corporate governance report (the "CG Report") and the Board considered that the deviation is immaterial given the size, nature and circumstances of the Group.

The Board

As at 31 March 2018, the Board comprises twelve Directors including six executive Directors, two non-executive Directors and four independent non-executive Directors. At least one of the independent non-executive Directors possesses appropriate professional qualifications (or accounting or related financial management expertise) as required by the Listing Rules. The composition of the Board as at 31 March 2018 is set out below:

Executive Directors:

Mr. Wong Ben Koon *(Chairman of the Board)*
Dr. Mao Shuzhong *(Chief Executive Officer)*
Ms. Gloria Wong
Mr. Li Zhimin *(appointed on 3 July 2017)*
Mr. Wang Jiafu *(appointed on 3 July 2017)*
Mr. Kong Siu Keung *(Chief Financial Officer)*

Non-executive Directors:

Mr. Liu Yongshun
Mr. Wu Likang

Independent non-executive Directors:

Mr. Yuen Kim Hung, Michael
Mr. Yung Ho
Mr. Chan Kai Nang
Mr. Ma Jianwu

The biographical details of the Directors are set out on pages 35 to 39 to this annual report.

Regular Board meetings are held at least four times a year to review the financial and operating results of the Group and to propose interim and final dividends, if appropriate. A meeting is also held as and when necessary to discuss significant matters. Sufficient notice of not less than 14 days has been given to all Directors for regular Board meetings and reasonable notice has been given for other meetings. All Directors are given an opportunity to include matters in the agenda for Board meetings and have access to the company secretary of the Company (the "Company Secretary") to ensure that all board procedures and all applicable rules and regulations are followed. The Board also enables Directors to seek independent professional advice at the Company's expense in appropriate circumstances.

13 Board meetings were held during the Year and the details of attendance of Board meetings and the general meetings are set out below:

Name of Directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meetings
Mr. Wong	11/13	0/2
Dr. Mao Shuzhong	11/13	0/2
Ms. Gloria Wong	11/13	0/2
Mr. Li Zhimin	9/9	0/1
Mr. Wang Jiafu	8/9	0/1
Mr. Kong Siu Keung	13/13	2/2
Mr. Liu Yongshun	12/13	0/2
Mr. Wu Likang	11/13	0/2
Mr. Yuen Kim Hung, Michael	13/13	2/2
Mr. Yung Ho	13/13	0/2
Mr. Chan Kai Nang	13/13	2/2
Mr. Ma Jianwu	13/13	0/2

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as quarterly (if any), interim and annual results, investment, Director appointments or re-appointments, and dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the chief executive officer and the senior management.

Mr. Wong is the controlling shareholder of the Company. His respective interests are disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" and "Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares" in the "Report of the Directors". Mr. Wong has beneficial interests in certain companies outside the Group. Transactions between these companies and the Group (if any) during the Year are disclosed in note 46 to the consolidated financial statements.

Save as disclosed above and in note 46 to the consolidated financial statements, there is no financial, business, family or other material or relevant relationship among the Directors or between the chairman and the chief executive officer, except that Ms. Gloria Wong, the executive Director, is the daughter of Mr. Wong, the chairman of the Board.

The Board complied with Rule 3.10A of the Listing Rules to appoint at least one-third of its Directors as independent non-executive Directors. All the non-executive Directors are appointed for a term of 3 years while all of the independent non-executive Directors are appointed for a specific term. Both the non-executive Directors and independent non-executive Directors will be subject to retirement by rotation and re-election at the annual general meetings of the Company. The Company has received an annual written confirmation from each of the independent non-executive Directors of his independence. The Board considers that all the independent non-executive Directors are independent in accordance with the guidelines set out under Rule 3.13 of the Listing Rules. The details of the service contract of each independent non-executive Director are disclosed in the section headed "Directors' Service Contracts" in the "Report of the Directors".

All Directors, including independent non-executive Directors, are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the bye-laws of the Company, provided that every Director shall be retired at least once every three years.

Chairman and Chief Executive Officer

Mr. Wong is the chairman of the Company and is responsible for deriving the corporate culture and long term strategic plan of the Group. Dr. Mao Shuzhong is the chief executive officer of the Company and is responsible for the overall management of the Group, including strategic planning, business developments and operations.

Audit Committee

The Company has an audit committee (the "Audit Committee") with terms of reference aligned with the code provisions as set out in Appendix 14 to the Listing Rules for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Yuen Kim Hung, Michael (Chairman of the Audit Committee), Mr. Yung Ho and Mr. Ma Jianwu.

All members possess diversified industry experiences and appropriate professional qualifications as required under the Listing Rules. Major duties of the Audit Committee and responsibilities shall be:

1. to review the Company's financial results and reports, internal controls and corporate governance issues, internal control and risk management systems, financial and accounting policies and practices and made recommendations to the Board;
2. to discuss with the external auditor of the Company (the "External Auditor") on their independence and the nature and scope of the audit and recommended to the Board on the re-appointment of RSM Hong Kong as External Auditor;
3. to discuss with the External Auditor on any material queries raised by the External Auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
4. to discuss with external internal control advisor of the Company (the "IC Advisor") on their independence and the nature and scope of the internal control review and recommended to the Board on the appointment of ZHONG ANDA RISK SERVICES LIMITED as internal control advisor;
5. to discuss with the IC Advisor on any materials internal control findings and management's responses; and
6. to review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems, including the adequacy of the resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function.

The attendance record of each Audit Committee member at the meetings of the Audit Committee during the Year is set out below:

Name of Directors	Attendance/ Number of Audit Committee Meetings
Mr. Yuen Kim Hung, Michael (Chairman of the Audit Committee)	2/2
Mr. Yung Ho	2/2
Mr. Ma Jianwu	2/2

During the Year, the Audit Committee had performed the works as follows:

1. reviewed the reports from the External Auditor, accounting principles and practices adopted by the Group in relation to the annual results for the year ended 31 March 2017 and the interim results for the six months ended 30 September 2017;
2. reviewed the financial reports for the year ended 31 March 2017 and for the six months ended 30 September 2017 and recommended the same to the Board for approval;
3. concurred with the Board regarding the selection, appointment, resignation or dismissal of the External Auditor;
4. reviewed the Group's internal control based on the information obtained from the IC Advisor and Company's management and Audit Committee was of the opinion that there are adequate internal controls in place in the Group; and
5. reviewed the financial reporting system, compliance procedures, risk management and internal control systems (including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function).

The Audit Committee has reviewed with the management and the External Auditor, the audited consolidated financial statements of the Group for the Year. The Audit Committee reviewed the Group's audited results for the Year and recommended its adoption to the Board.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was set up in March 2005 and its term of reference is in full compliance with the provisions set out in CG Code. It is currently constituted by three independent non-executive Directors, namely, Mr. Yuen Kim Hung, Michael (Chairman of the Remuneration Committee), Mr. Yung Ho and Mr. Chan Kai Nang.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and the remuneration packages of the Directors and senior management. The Remuneration Committee is also responsible for establishing formal and transparent procedures for developing such remuneration policy and structure.

The emoluments of Directors and senior management of the Company are based on skills, knowledge and performance, together with reference to the prevailing market conditions. In addition, the Company has established a share option scheme to provide incentives and rewards to eligible participants and to attract suitable personnel for continuous development of the Group.

Two meetings had been held during the Year to discuss remuneration related matters. The Remuneration Committee reviewed and made recommendations to the Board on bonus payments and increments in salary and housing allowance (if any) for the Directors and senior management of the Company.

The attendance record of each Remuneration Committee member at the meetings of the Remuneration Committee during the Year is set out below:

Name of Directors	Attendance/ Number of Remuneration Committee Meetings
Mr. Yuen Kim Hung, Michael (Chairman of the Remuneration Committee)	2/2
Mr. Yung Ho	2/2
Mr. Chan Kai Nang	2/2

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was set up on 30 March 2012 and has adopted the terms of reference of Nomination Committee in full compliance with provisions set out in the CG Code. It is currently constituted by three Directors, namely, Mr. Chan Kai Nang (Chairman of the Nomination Committee), Mr. Ma Jianwu and Mr. Kong Siu Keung.

The major duties and responsibilities of the Nomination Committee shall be:

(a) to review the structure, size and composition (including the skills, knowledge, and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of independent non-executive Directors, having regarded to the requirements under the Listing Rules;

(d) to ensure that the Board has a balance of skill, knowledge, experience and diversity of perspective appropriate to the requirements of the Company's business; and

(e) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer.

During the Year, two meetings were held by Nomination Committee to assess the structure, size and composition of the Board; to assess the independence of independent non-executive Directors; and to evaluate the implementation of the Board Diversity Policy (elaborated below).

The attendance record of each Nomination Committee member at the meeting of Nomination Committee during the Year is set out below:

Name of Directors	**Attendance/ Number of Nomination Committee Meetings**
Mr. Chan Kai Nang (Chairman of the Nomination Committee)	2/2
Mr. Ma Jianwu	2/2
Mr. Kong Siu Keung	2/2

Directors' Securities Transactions

The Board has adopted the Model Code for securities transactions by the directors of listed companies as set out in Appendix 10 to the Listing Rules (the "Model Code"), as the code of conducts regarding Directors' securities transactions during the Year.

Having made specific enquiry with all Directors, each of them confirmed that the Model Code has been complied in full throughout the Year.

Securities Transactions by Relevant Employees

The Board has also adopted a policy with no less exacting terms than the Model Code for the relevant employees of the Company (the "Relevant Employees") in respect of their dealings in securities of the Company. Having made specific enquiry with all Relevant Employees, each of them confirmed that this policy has been complied in full throughout the Year.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements for each financial period with a view to ensuring such consolidated financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently and that judgements and estimates made are prudent and reasonable.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the External Auditor about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 68 to 72 of this annual report.

Communications with Shareholders

The Company has established and maintained difference communication channels with its shareholders. The Company updates its shareholders on its latest business developments and financial performance through its corporate publications including annual reports, interim reports and public announcements. The Company also maintains its website (http://www.pihl-hk.com) to provide an alternative communication channel for the public and its shareholders. All corporate communication and the Company's latest updates are available on the Company's website for public information.

Annual General Meeting

During the Year, the Company had been in deviation from A.6.7 and E.1.2 of the CG Code as the chairman of the Board and some of the Directors were unable to attend the annual general meeting of the Company held on 12 September 2017 (the "AGM") due to business engagement. Mr. Kong Siu Keung, being the executive Director of the Company, attended the AGM and were delegated to make himself available to answer questions if raised at the meetings. The absence of the chairman of the Company in the AGM constituted a deviation from the CG Code.

Directors' Continuous Training and Development

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure their contribution to the Board remains informed and relevant.

The Directors are regularly briefed on the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime with written materials, as well as attending seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

All Directors participated in the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group including reading materials in relation to regulatory update and/or attending seminars to develop professional skills. The records of the Directors participated in the continuous professional development programmes during the Year are as follows:

Name of Directors	Attending training courses, seminars or conference	Reading materials or updates
Executive Directors:		
Mr. Wong Ben Koon		✓
Dr. Mao Shuzhong		✓
Ms. Gloria Wong		✓
Mr. Li Zhimin		✓
Mr. Wang Jiafu		✓
Mr. Kong Siu Keung	✓	✓
Non-executive Directors:		
Mr. Liu Yongshun		✓
Mr. Wu Likang		✓
Independent non-executive Directors:		
Mr. Yuen Kim Hung, Michael	✓	✓
Mr. Yung Ho		✓
Mr. Chan Kai Nang	✓	✓
Mr. Ma Jianwu		✓

Company Secretary

Mr. Kong Siu Keung, the executive Director and the chief financial officer of the Company, is also appointed by the Board as the Company Secretary. He fulfilled the hours of training required under Rule 3.29 of the Listing Rules to perform the duties required.

Company Secretary is to ensure there is a good information flow within the Board and between the Board and senior management, provides advice to the Board in relation to directors' obligations under the Listing Rules and applicable laws and regulations and assists the Board in implementing the corporate governance practices.

Board Diversity Policy

The Company is dedicated to having a diverse board which can enable corporate issues be considered from different perspectives and appropriate level of examination and evaluation be conducted. In this connection, the Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board (the "Board Diversity Policy").

Pursuant to the Board Diversity Policy, the Company considers Board diversity from a number of perspectives, including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of service.

The ultimate decision would be based on merit and contribution the selected candidates would bring to the Board. The Nomination Committee opined that the Company has a diverse board. The Nomination Committee and the Board would review the Board Diversity Policy at least annually.

Corporate Social Responsibility

The Group is conscious of its role as a socially responsible group of companies. It has made donations from time to time, supports the communities and encourages its employees to participate in any charitable events and caring services.

Internal Control and Risk Management

The Board has overall responsibility for the establishment, maintenance and review of the Group's system of internal control and risk management. During the Year, the Board supervised the management's design, implementation and monitoring of the risk management and internal control systems, and reviewed the adequacy and effectiveness of the risk management and internal control systems of the Group on an ongoing basis; such review covered all major control aspects of the Group, including financial, operational and compliance controls.

The Group adopts a risk management system which manages the risk associated with its business and operations. The system includes the following elements:

1. Risk identification: Identify major and significant risks that could affect the achievement of goals of the Group;
2. Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;
3. Risk mitigation: Develop effective control activities to mitigate the risks; and
4. Monitoring: Monitor and review the effectiveness of such measures.

The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, protects its assets against unauthorised use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensures compliance with relevant laws and regulations.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational system.

With respect to the monitoring and disclosure of inside information, the Company has formulated its guidelines, with an aim to ensure that the insiders abide by the confidentiality requirement and fulfill the disclosure obligation of the inside information.

The Board, having taken into account the internal audit review report from the IC Advisor and the opinion from the Audit Committee, as well as the assessment made by the Company's management, has conducted a review of the effectiveness of the internal control and risk management systems of the Group for the Year. The Board, through the Audit Committee, is satisfied that the internal control system is sufficient to provide reasonable assurances that the Group's assets are safeguarded against loss from unauthorised use or disposition, transactions are properly authorised and paper accounting records are maintained. In addition, the Board considered that resources, qualification and experience of staff responsible for the Company's accounting, internal audit and financial reporting function, their training and budget are adequate.

Shareholders' Rights

(i) Convening a Special General Meeting

Pursuant to Section 74 of the Bermuda Companies Act 1981, shareholder(s) holding at the date of the deposit of the 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 have the right to submit a written requisition requiring a special general meeting (the "SGM") to be called by the Board. The written requisition (i) must state the purposes of the SGM; and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after expiration of two months from the said date of deposit of the requisition. A SGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in any SGM to be convened by the Board.

(ii) Putting Forward Proposals at General Meetings

Pursuant to Sections 79 and 80 of the Bermuda Companies Act 1981, either any number of shareholders representing not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

(iii) Enquiries to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at Suites 1801–06, 18/F., Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. Shareholders may also make enquiries to the Board at the general meetings of the Company. In addition, shareholders can contact Tricor Tengis Limited, the share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

Auditor's Remuneration

RSM Hong Kong was appointed as the External Auditor of the Company. The External Auditor is primarily responsible for providing audit services in connection with the annual consolidated financial statements. During the Year, the total remuneration in respect of services provided by RSM Hong Kong amounted to HK$4,054,000, of which approximately HK$3,600,000 was incurred for statutory audit and approximately HK$454,000 was incurred for non-audit services which mainly included tax compliance services and other professional services.

Constitutional Documents

There are no changes in the Company's constitutional documents during the Year.

Conclusion

The Company strongly believes that good corporate governance can safeguard the effective allocation of resources and protect shareholders' interests. The management will continue to maintain, strengthen and improve the standard and quality of the corporate governance of the Group.

Report of the Directors

The Board is pleased to present their report and the audited consolidated financial statements of the Group for the Year.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 47 to the consolidated financial statements. The core business of the Group is the (i) real estate investment and development; (ii) mining and trading of iron ore and raw materials; and (iii) trading of clinker, cement and other building materials.

An analysis of the Group's performance for the Year by operating segments is set out in note 10 to the consolidated financial statements.

Results and Appropriations

The Group's loss for the Year set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages 73 and 74 and the state of affairs of the Group as at 31 March 2018 are set out in the consolidated statement of financial position on pages 75 and 76.

The Directors do not recommend the payment of a final dividend for the Year.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five years ended 31 March 2018 is set out on page 168. This summary does not form part of the audited consolidated financial statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the Year are set out in note 18 to the consolidated financial statements.

Principal Properties

Details of the movements in the investment properties of the Group during the Year are set out in note 19 to the consolidated financial statements. A summary of the properties held for investment and under development for sales are set out on page 166 and page 167 respectively. The summary of the properties held for investment and under development for sale do not form part of the audited consolidated financial statements.

Principal Subsidiaries

Particulars of the Company's subsidiaries as at 31 March 2018 are set out in note 47 to the consolidated financial statements.

Convertible Bonds and Equity-linked Agreements

Details of the convertible bonds are set out in note 38 to the consolidated financial statements. The sale and purchase agreement date 26 October 2016 entered between Full Right and PMIL in respect of the acquisition of 25% issued share capital of Indonesia Conch also constituted an equity-linked agreement, details of which is set out in the subsection headed "Acquisition of shares in PT Conch Cement Indonesia" under the "Management Discussion and Analysis" section on page 29 to this annual report.

Debenture

The Company had issued an aggregate principal amount of US$20 million (equivalent to approximately HK$156 million) 5% guaranteed note due 2018 ("CCB Notes") to Cheer Hope Holdings Limited ("Cheer Hope"), details of which is disclosed in note 40 to the consolidated financial statements and the subsection headed "Disclosure under 13.21 of the Listing Rules" in the "Report of the Directors" on page 54 to this annual report.

Share Capital

During the Year, the Company has placed 227,272,727 Shares, which accounted for 2.18% of the Company's enlarged share capital immediately after completion of the share placement. The Company received a net proceed of approximately HK$25 million from the placement and approximately HK$21 million was used for partial repayment of the Group's existing loans and interests, and the remaining balance was used as general working capital of the Group.

Details of movements in the Company's share capital during the Year, together with the reasons therefor, are set out in note 29 to the consolidated financial statements.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, Redemption or Sale of Listed Securities of the Company

The Company repurchased 10,060,000 Shares on the Stock Exchange during the Year. The total consideration (including transaction costs) of the Repurchases were HK$907,033. All of the repurchased Shares were cancelled during the Year. Particulars of the Repurchases are as follows:

Month	Number of Shares repurchased	Purchase price per Share Highest	Purchase price per Share Lowest	Aggregate consideration
		HK$	HK$	HK$
August 2017	4,460,000	0.096	0.091	423,072
September 2017	3,800,000	0.091	0.086	337,321
December 2017	1,800,000	0.082	0.080	146,640
	10,060,000			907,033

The Board considers that the Repurchases enhanced the earnings per Share and benefited the Company and its shareholders as a whole. Apart from the foregoing, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the Year.

Tax Relief

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's listed securities.

Reserves

Movements in reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 77.

Bank Borrowings

Details of the bank borrowings of the Group are set out in note 32 to the consolidated financial statements.

Distributable Reserves

At 31 March 2018, the Company's reserves (comprised the contributed surplus, accumulated losses and share premium which can be transferred to the contributed surplus in accordance to the Bermuda Companies Act 1981) available for distribution to shareholders amounted to approximately HK$1,122 million (2017: approximately HK$1,400 million).

Under the Bermuda Companies Act 1981, the Company's contributed surplus of approximately HK$872 million (2017: HK$872 million) may be distributed under certain circumstances. In addition, the Company's share premium account of approximately HK$2,260 million (2017: HK$1,998 million) as at 31 March 2018 may be distributed in the form of fully paid bonus shares. Details of the share premium account and reserves of the Company are set out in note 30(b) to the consolidated financial statements.

Relationships with Stakeholders

The Group recognises that employees, customers and business partners are key to its sustainable development. The Group is committed to establishing close and caring relationships with its employees, providing quality products and services to its customers and enhancing cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity in its staff, and provides competitive remuneration and benefits and career development opportunities based on the employees' merits and performance. The Group also puts ongoing efforts into providing adequate training and resources for the employees' development so that they can keep abreast of the market and the industry and, at the same time, improve their performance and attain self-fulfillment in their positions.

The Group understands that it is important to maintain good relationships with customers and provide the products in a way that satisfy the latter's needs and requirements. The Group enhances its customer relationship by communicating with customers to gain insight into the market's changing preference for the products so that the Group can satisfy the wants proactively.

The Group is also dedicated to developing good relationships with suppliers and contractors as long-term business partners to enhance the stability of the Group's businesses. The Group reinforces the business partnership with suppliers and contractors by communicating with them proactively.

Major Customers and Suppliers

During the Year, sales to the Group's five largest customers accounted for approximately 53.5% of total sales and sales to the largest customer included therein amounted to approximately 20.2% of total sales. The Group's five largest suppliers accounted for approximately 48.6% of total purchases for the Year and purchases from the largest supplier included therein amounted for approximately 14.4% of total purchases.

The Group's one of five largest customers is an indirect wholly-owned subsidiary of Nanjing Iron and Steel Group Co., Ltd. ("Nanjing IS"), which is a substantial shareholder of the Company from 1 April 2017 to 26 May 2017.

Save as disclosed above, none of the Directors of the Company or any of their associates, or any other shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its five largest suppliers during the Year.

Donations

Donations made by the Group during the Year amounted to HK$2,224,000 (2017: HK$7,430,000).

Disclosure under 13.21 of the Listing Rules

On 16 March 2016, the Company entered into the subscription agreement with Cheer Hope, and with Mr. Wong as the guarantor, pursuant to which the Company conditionally agreed to issue the 5% guaranteed convertible bonds due 2018 (the "CCB Convertible Bonds") and CCB Notes, each in the aggregate principal amount of US$20 million (equivalent to approximately HK$156 million), to Cheer Hope.

In relation to the CCB Convertible Bonds and the CCB Notes, Mr. Wong agreed to irrevocably and unconditionally guarantee the punctual performance by the Company of all of its obligation under the transaction documents of the CCB Convertible Bonds and the CCB Notes ("Transaction Documents"). Pursuant to the terms of the CCB Convertible Bonds instrument (the "CCB CB Instrument") and the CCB Notes instrument (the "Notes Instrument"), the maturity date of the CCB Convertible Bonds and the CCB Notes is the date falling on the second anniversary of the initial closing date, being 15 April 2018. Further, pursuant to the terms of the CCB CB Instrument and the Notes Instrument, specific performance obligations are imposed on Mr. Wong during the respective terms of the CCB Convertible Bonds and the CCB Notes, occurrence of any of the following events, among others, shall constitute an event of default: (1) Mr. Wong ceases to be the chairman of the Board; (2) Mr. Wong, in his personal capacity or through any entity controlled by him, ceases to, in aggregate own and control more than 50% of the shares of the Company; and (3) all or any substantial part of the assets of Mr. Wong is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government.

Non-compliance with the aforesaid obligations by Mr. Wong will constitute an event of default under the CCB CB Instrument and the Notes Instrument, upon the occurrence of which Cheer Hope may elect to require the Company to redeem the CCB Convertible Bonds and/or the CCB Notes at an amount equal to the aggregate of (i) the aggregate principal amount of the CCB Convertible Bonds and/or the CCB Notes (as the case may be) held by Cheer Hope; (ii) any accrued but unpaid interest on the CCB Convertible Bonds and/or the CCB Notes (as the case may be); and (iii) an amount that would yield an internal rate of return of 22% on the aggregate principal amount of the CCB Convertible Bonds and/or the CCB Notes (as the case may be) (taking into account the interest amounts arising under the CCB Convertible Bonds and/or the CCB Notes which have accrued and have been paid) calculated from the relevant issue date until the relevant date of the default redemption. At the same time when the above redemption amount is due and payable, the Company shall also pay Cheer Hope any taxes, fees, costs, charges, duties and expenses due under the Transaction Documents in respect of the CCB Convertible Bonds and/or the CCB Notes (as the case may be).

Directors

The Directors during the Year and as at date of this report are:

Executive Directors:

Mr. Wong Ben Koon
Dr. Mao Shuzhong
Ms. Gloria Wong
Mr. Li Zhimin (appointed on 3 July 2017)
Mr. Wang Jiafu (appointed on 3 July 2017)
Mr. Kong Siu Keung

Non-executive Directors:

Mr. Liu Yongshun
Mr. Wu Likang

Independent non-executive Directors:

Mr. Yuen Kim Hung, Michael
Mr. Yung Ho
Mr. Chan Kai Nang
Mr. Ma Jianwu

In accordance with bye-law 87 of the Company's bye-laws, Mr. Liu Yongshun, Mr. Wu Likang, Mr. Yuen Kim Hung, Michael and Mr. Yung Ho will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 35 to 39 to this annual report.

Directors' Service Contracts

Other than statutory compensation, none of the Directors who are proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation.

The service contract entered into between the Company and Mr. Wong and Mr. Kong Siu Keung have no expiry date, but can be terminated by the giving of three months' prior notice, and is exempted from the shareholders' approval requirement under Rule 13.68 of the Listing Rules.

Permitted Indemnity Provision

Under the Articles of the Company, the Company had a permitted indemnity provision in force for the benefit of the Directors throughout the Year and as at the date of approval of this report, pursuant to which the Company shall indemnify any Director against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and senior management of the Company throughout the Year.

Directors' Remuneration

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Remuneration Committee with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of Directors' emoluments are set out in the note 15 to the consolidated financial statements.

Directors' Interests in Contracts

Save as disclosed in the subsection headed "Acquisition of shares in PT Conch Cement Indonesia" on page 29 under "Management Discussion and Analysis" section to this annual report and note 46 to the consolidated financial statements, no Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party, and which subsisted at the end of the Year or at any time during the Year.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in ordinary shares of the Company

Long position in the Shares and underlying Shares

	Number of Shares and underlying Shares held, capacity and nature of interest					
Name of Director/chief executive	Directly beneficially owned	Through controlled corporation	Interest of Director's spouse	Number of underlying Shares held under equity derivatives	Total	Percentage of the Company's issued share capital
Mr. Wong	2,020,561,241	6,179,637,257 (Notes)	22,640,000	156,911,748	8,379,750,246	65.74%
Dr. Mao Shuzhong	–	–	–	30,000,000	30,000,000	0.24%
Mr. Liu Yongshun	–	–	–	15,000,000	15,000,000	0.12%
Ms. Gloria Wong	–	–	–	10,000,000	10,000,000	0.08%
Mr. Kong Siu Keung	–	–	–	10,000,000	10,000,000	0.08%

Notes:

(1) Mr. Wong is interested in 2,115,673,124 Shares, 2,639,514 Shares, 2,639,514 Shares and 1,725,351,772 Shares through his interest in 100% shareholding in Capital Growth Limited ("Capital Growth"), which in turns owns 67.2%, 65%, 65% and 100% shareholding in Prosperity Minerals Group Limited ("PMGL"), Max Will Limited ("Max Will"), Max Start Limited ("Max Start") and Elite Force (Asia) Limited ("Elite Force") respectively.

(2) PMGL beneficially holds 2,115,673,124 Shares. Pursuant to the put option deed executed between PMGL, Mr. Wong, Luck Well Management Limited ("Luck Well") and Cheer Hope on 13 September 2016, PMGL granted the put option to Cheer Hope conferring rights to sell 156,911,748 Shares of nominal value of HK$0.01 each in the share capital of the Company to PMGL or Mr. Wong pursuant to the terms of the put option deed.

(3) On 26 October 2016, the Company, Full Right as purchaser, and PMIL as vendor entered into a sale and purchase agreement (as amended by the supplemental agreement dated 28 April 2017, the second supplemental agreement dated 31 May 2017 and the third supplemental agreement dated 27 June 2017) (the "Amended Sale and Purchase Agreement") in respect of the acquisition of 25% issued share capital of Indonesia Conch for the consideration of HK$450,000,000. The consideration for the acquisition shall be satisfied by the Company in the following manner: (a) as to HK$100,000,000 of the consideration shall be satisfied by the PMIL Convertible Bonds to PMIL; and (b) as to HK$350,000,000 of the consideration shall be satisfied by the Company by way of the allotment and issue of the Consideration Shares to PMIL.

Pursuant to the terms and conditions of the Amended Sale and Purchase Agreement, assuming there would be no other issue of new Shares and no repurchase of existing Shares before completion of the Amended Sale and Purchase Agreement, 2,333,333,333 Consideration Shares will be issued and the PMIL Convertible Bonds in a principal amount of HK$100,000,000 carrying rights to convert 666,666,667 Shares will be issued to PMIL.

As at 14 July 2017, the acquisition has been completed and a total of 2,333,333,333 Consideration Shares and the PMIL Convertible Bonds with the principal amount equal to HK$100,000,000 have been allotted and issued in accordance with the terms of the Amended Sale and Purchase Agreement. On 21 August 2017, the Company redeemed a principal amount of HK$50,000,000 PMIL Convertible Bonds which carrying rights to convert into 333,333,334 Shares and on 6 October 2017, the Company redeemed the remaining HK$50,000,000 PMIL Convertible Bonds which carrying rights to convert into 333,333,333 Shares.

(4) PMIL is 95% owned by Super Chine Holdings Limited ("Super Chine") and Super Chine is wholly owned by Keen Phoenix Limited ("Keen Phoenix"). Keen Phoenix is 50% beneficially owned by Mr. Wong.

Save as disclosed above, as at 31 March 2018, so far as is known to any Director or chief executive of the Company, none of the Directors or 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) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Share Option Scheme

The details of the Company's share option scheme, including the movement of, and any outstanding share options during the Year are disclosed in note 41 to the consolidated financial statements. The share option scheme adopted by the Company following the approval of the shareholders of the Company in accordance with the Listing Rules at the annual general meeting held on 25 September 2009.

Save as disclosed above, at no time during the 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 spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

Directors' Interests in Competing Business

During the Year, the following Director was considered having interests in the following excluded businesses ("Excluded Businesses"), being businesses which competed or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses in which the Group was interested and the Director's only interests are as directors appointed to represent the interests of the Group.

Mr. Wong, the controlling shareholder and an executive Director of the Company, directly and through his controlled associates, held beneficial interests in the following company, which was also engaged in the trading of iron ore:

(i) Century Global Commodities Corporation ("Century Global") (formerly known as Century Iron Mines Corporation)

Century Global is a resource development company, which was originally incorporated under the laws of the Province of British Columbia, Canada and later it continued its existence from British Columbia to Cayman Islands under the Companies Law (2013 Revision) of the Cayman Islands. Century Global engages in iron ore mining business and food distribution business. Mr. Wong, through his controlled associates, held interests in Century Global and was also a director of Century Global. The Board believes that as the size of that part of these Excluded Businesses in the PRC, where the Group has iron ore trading business, is not insignificant when compared with the iron ore trading business of the Group in the PRC, it is likely that these Excluded Businesses may compete with the iron ore trading business of the Group in the PRC.

During the Year, the Excluded Businesses were operated and managed by companies (and in the case of Century Global, by a publicly listed company) with independent management and administration. On this basis, the Directors believe that the Group is capable of carrying on its business independently of the Excluded Businesses and at arm's length from the Excluded Businesses.

Save as aforesaid, during the Year, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and proposed directors of the Company and their respective close associates was considered to have any interests in businesses which competed or were likely, either directly or indirectly, with the businesses of the Group.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

So far as is known to any Director or chief executive of the Company, as at 31 March 2018, persons (other than the Directors or chief executive of the Company) who had 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 were as follows:

Long position in the Shares and underlying Shares

	Number of Shares and underlying Shares held, capacity and nature of interest				
Name	**Capacity/nature of interest**	**Number of Shares**	**Number of underlying Shares**	**Total**	**Percentage of the Company's issued shares capital**
Madam Hon Ching Fong	Interest in controlled corporations (Note a)	4,454,285,485	156,911,748	4,611,197,233	36.18%
PMGL (Note f)	Beneficial owner (Note a & c)	2,115,673,124	156,911,748	2,272,584,872	17.83%
Ms. Shing Shing Wai	Interest of spouse (Note b)	8,200,198,498	156,911,748		
	Beneficial owner	22,640,000	–		
		8,222,838,498	156,911,748	8,379,750,246	65.74%
Elite Force (Note f)	Beneficial owner (Note c)	1,725,351,772	–	1,725,351,772	13.54%
PMIL (Note f)	Beneficial owner (Note d & e)	2,333,333,333	–	2,333,333,333	18.31%
Keen Phoenix (Note f)	Interest in controlled corporations (Note a, d & e)	2,333,333,333	–	2,333,333,333	18.31%
Super Chine (Note f)	Interest in controlled corporations (Note d & e)	2,333,333,333	–	2,333,333,333	18.31%
Capital Growth (Note f)	Interest in controlled corporations (Note c)	3,846,303,924	156,911,748	4,003,215,672	31.41%
Futec International Holdings Limited	Beneficial owner	1,179,890,378	–	1,179,890,378	9.26%
Central Huijin Investment Limited ("CHI")	Interest in controlled corporations (Note g)	156,911,748	975,000,000	1,131,911,748	8.88%

Name	Capacity/nature of interest	Number of Shares	Number of underlying Shares	Total	Percentage of the Company's issued shares capital
	Number of Shares and underlying Shares held, capacity and nature of interest				
China Construction Bank Corporation ("CCB")	Interest in controlled corporations (Note g)	156,911,748	975,000,000	1,131,911,748	8.88%
CCB International Group Holdings Limited	Interest in controlled corporations (Note g)	156,911,748	975,000,000	1,131,911,748	8.88%
CCB Financial Holdings Limited	Interest in controlled corporations (Note g)	156,911,748	975,000,000	1,131,911,748	8.88%
CCB International (Holdings) Limited	Interest in controlled corporations (Note g)	156,911,748	975,000,000	1,131,911,748	8.88%
CCB Investment Limited	Interest in controlled corporations (Note g)	156,911,748	975,000,000	1,131,911,748	8.88%
Cheer Hope	Beneficial owner (Note g & h)	156,911,748	975,000,000	1,131,911,748	8.88%

Notes:

(a) The issued share capital of PMGL, Max Start, Max Will and Keen Phoenix, are beneficially owned by Madam Hon Ching Fong as to 32.8%, 35%, 35% and 50% respectively.

(b) Ms. Shing Shing Wai is the spouse of Mr. Wong and the interests of each of Mr. Wong and Ms. Shing Shing Wai are deemed to be the interests of each other.

(c) The issued share capital of PMGL and Elite Force, are companies incorporated in the British Virgin Islands ("BVI") with limited liability which are beneficially owned by Capital Growth as to 67.2% and 100% respectively. Capital Growth is wholly and beneficially owned by Mr. Wong.

(d) On 26 October 2016, the Company, Full Right as purchaser, and PMIL as vendor entered into a sale and purchase agreement in respect of the acquisition of 25% issued share capital of Indonesia Conch for the consideration of HK$450,000,000. The consideration for the acquisition shall be satisfied by the Company in the following manner: (a) as to HK$100,000,000 of the consideration shall be satisfied by the PMIL Convertible Bonds to PMIL; and (b) as to HK$350,000,000 of the consideration shall be satisfied by the Company by way of the allotment and issue of the Consideration Shares to PMIL.

Pursuant to the terms and conditions of the Amended Sale and Purchase Agreement, assuming there would be no other issue of new Shares and no repurchase of existing Shares before completion of the Amended Sale and Purchase Agreement, 2,333,333,333 Consideration Shares will be issued and the PMIL Convertible Bonds in a principal amount of HK$100,000,000 carrying rights to convert 666,666,667 Shares will be issued to PMIL.

As at 14 July 2017, the acquisition has been completed and a total of 2,333,333,333 Consideration Shares and the PMIL Convertible Bonds with the principal amount equal to HK$100,000,000 have been allotted and issued in accordance with the terms of the Amended Sale and Purchase Agreement. On 21 August 2017, the Company redeemed a principal amount of HK$50,000,000 PMIL Convertible Bonds which carrying rights to convert into 333,333,334 Shares, and on 6 October 2017, the Company redeemed the remaining HK$50,000,000 PMIL Convertible Bonds which carrying rights to convert into 333,333,333 Shares.

(e) PMIL is 95% owned by Super Chine and Super Chine is wholly owned by Keen Phoenix. Keen Phoenix is 50% beneficially owned by Mr. Wong.

(f) Mr. Wong is a director of each of PMGL, Elite Force, Keen Phoenix, Super Chine, PMIL and Capital Growth.

(g) These shares are held by Cheer Hope, an indirect wholly-owned subsidiary of CCB through several controlled corporations and CCB is a wholly-owned subsidiary of CHI. CHI, CCB and several controlled corporations are therefore deemed to be interested in the Shares held by Cheer Hope.

(h) Cheer Hope owned CCB Convertible Bonds issued by the Company in an aggregate principal amount of US$20,000,000 (equivalent to approximately HK$156,000,000) carrying rights to convert into 975,000,000 Shares at the conversion price of HK$0.16 per Share, being adjusted on 31 December 2016 pursuant to the deed of amendment dated 29 June 2016 entered into between the Company, Cheer Hope and Mr. Wong in relation to amend certain terms and conditions of the subscription agreement dated 16 March 2016 entered into between the Company as issuer and Cheer Hope as subscriber in respect of the issue of the CCB Convertible Bonds and the CCB Notes ("CCB Subscription Agreement"), the CCB Convertible Bonds and the CCB Notes ("CCB CB Amendment Deed").

Short position in the Shares and underlying Shares

		Number of Shares and underlying Shares held, capacity and nature of interest		
Name	**Notes**	**Capital/nature of interest**	**Number of Shares**	**Percentage of the Company's issued share capital**
CHI	(a)	Interest in controlled corporations	156,911,748	1.23%
CCB	(a)	Interest in controlled corporations	156,911,748	1.23%
CCB International Group Holdings Limited	(a)	Interest in controlled corporations	156,911,748	1.23%
CCB Financial Holdings Limited	(a)	Interest in controlled corporations	156,911,748	1.23%
CCB International (Holdings) Limited	(a)	Interest in controlled corporations	156,911,748	1.23%
CCB Investment Limited	(a)	Interest in controlled corporations	156,911,748	1.23%
Cheer Hope	(b)	Beneficial owner	156,911,748	1.23%

Notes:

(a) These shares are held by Cheer Hope, an indirect wholly-owned subsidiary of CCB through several controlled corporations and CCB is a wholly-owned subsidiary of CHI. CHI, CCB and several controlled corporations are therefore deemed to be interested in the Shares held by Cheer Hope.

(b) Pursuant to the put option deed executed between PMGL, Mr. Wong, Luck Well and Cheer Hope on 13 September 2016, PMGL granted the put option to Cheer Hope conferring rights to sell 156,911,748 shares of nominal value of HK$0.01 each in the capital of the Company to PMGL and Mr. Wong pursuant to the terms of the put option deed.

Save as disclosed above, as at 31 March 2018, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) of interests or short positions in the Shares or underlying Shares of the Company held by them 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.

Long positions in the shares/registered capital of the members of the Group:

Name of the member of the Group	Name of shareholder(s)	Capacity and nature of interest	Number of ordinary shares held	Percentage of the issued share capital
廣州富春東方地產投資有限公司 (''Guangzhou Fuchun Dongfang Real Estate Investment Company Limited*'')	廣東森島集團有限公司 (''Guangdong Sendao Group Limited*'', ''Guangdong Sendao'')	Beneficial owner	N/A	45.0%
WM Aalbrightt Investment Holdings (Hong Kong) Limited	WM Aalbrightt Investment Holdings Limited	Beneficial owner	40,000	40.0%
Landmark Mining and Metallurgy Limited	Wu Xiao Jiang	Beneficial owner	3,800	38.0%
蘇州市嘉欣房地產開發有限公司 (''Suzhou Jiaxin Real Estate Development Company Limited*'')	Zhao Xiao Lang	Beneficial owner	N/A	34.2%
宿遷勝達房地產開發有限公司 (''Suqian Shengda Real Estate Development Co., Ltd.*'')	欣捷投資控股集團有限公司 (''Xin Jie Investment Holdings Group Co., Ltd.*'')	Beneficial owner	N/A	30.0%
盱眙昌盛實業有限公司 (''Xuyi Changsheng Property Co., Ltd.*'')	昌盛電氣江蘇有限公司 (''Changsheng Electric Jiangsu Co., Ltd.*'')	Beneficial owner	N/A	30.0%
First World Venture Resources Sdn. Bhd.	Lee Wai Yee	Beneficial owner	30	30.0%
東莞市敬培實業有限公司 ("Dongguan Honwill Limited*")	東莞市丹新置業有限公司 ("Dongguan City Danxin Property Company Limited*")	Beneficial owner	N/A	30.0%
PT. Tritama Barata Makmur	PT. Mitra Reksa Pesona	Beneficial owner	11,250	25.0%

* For identification purpose only

Save as disclosed above, so far as is known to any Director or chief executive of the Company, as at 31 March 2018, no other person (who is not a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares 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 kept by the Company under section 336 of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Save as disclosed above, as at 31 March 2018, none of the Directors was a director or employee of a company (or its subsidiary) which has an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Management Contract

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

Connected Transactions and Continuing Connected Transactions

Certain related party transactions as disclosed in note 46 to the consolidated financial statements also constituted non-exempt connected transactions of the Company and are required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions are the connected transactions and continuing connected transactions between the connected persons (as defined in Rule 14A.06(7) of the Listing Rules) and the Company. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the following transactions:

1. Continuing connected transactions with respect to iron ore off-take agreement with Nanjing IS and Grace Wise Pte. Ltd. ("Grace Wise") ("Nanjing Steel Agency Agreement").

On 10 May 2011, Grace Wise as seller, Nanjing IS as buyer and Prosperity Materials Macao Commercial Offshore Limited ("MCO") as introducing agent entered into the Nanjing Steel Agency Agreement, pursuant to which Grace Wise shall sell, and Nanjing IS shall purchase, the contracted annual tonnage of iron ore commencing from 10 May 2011 and ending on 31 May 2021 in accordance with the terms thereof. MCO acts as exclusive introducing agent for Grace Wise in respect of the transactions contemplated under the Nanjing Steel Agency Agreement. As exclusive introducing agent for Grace Wise, MCO shall provide Grace Wise with administrative assistance such as handling shipping documents and liaising with payment banks. In consideration of the services of MCO to Grace Wise, Grace Wise shall pay MCO the commission of US$2.0 per dry metric ton of the ore shipped under the Nanjing Steel Agency Agreement. As at the date of the Nanjing Steel Agency Agreement, Grace Wise was indirectly 58%-owned by Mr. Wong. Mr. Wong was then a controlling shareholder of the Company, the chairman of both the Company and Prosperity Minerals Holdings Limited and an executive Director. Accordingly, Grace Wise was an associate of Mr. Wong and hence a connected person of the Company. Nanjing IS was a substantial shareholder of the Company and thus a connected person of the Company. On 26 May 2017, the Nanjing IS disposed all its shareholdings in the Company and ceased to be the connected person thereafter. Grace Wise is an indirect wholly-owned subsidiary of the Company.

From 1 April 2017 to 26 May 2017, the Group did not receive any the agency income with respect to Nanjing Steel Agency Agreement (Previous Financial Year: Nil).

2. Connected transactions with respect to the provision of financial assistance to a non-controlling shareholder and its subsidiary of Fuchun Dongfang.

On 27 October 2017 and 7 December 2017, Fuchun Dongfang, a 55%-owned subsidiary of Company, pledged certain units of Oriental Landmark, for the benefit of its non-controlling shareholder, Guangdong Sendao, as security for the bank facilities granted to Guangdong Sendao and its subsidiary, in the aggregate amount of approximately RMB634 million (equivalent to approximately HK$781 million). At 31 March 2018, the carrying amount of the pledged units of Oriental Landmark is approximately RMB943 million (equivalent to approximately HK$1,163 million).

Guangdong Sendao holds 45% of the equity interests of Fuchun Dongfang and thus is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. For details, please refer to the relevant announcements and circular of the Company.

3. Continuing connected transactions with respect of iron ore off-take agreement with Nanjing IS.

On 12 January 2015, MCO had entered into iron ore off-take agreement (the "Nanjing Steel Off-take Agreement") with Nanjing IS, pursuant to which MCO agreed to sell to Nanjing IS from 12 January 2015 to 11 December 2017, prescribing the maximum aggregate value of US$389 million (equivalent to approximately HK$3,034 million). Nanjing IS owned more than 10% interest in the Company and is a substantial shareholder of the Company and thus a connected person of the Company under Chapter 14A of the Listing Rules. On 26 May 2017, Nanjing IS disposed all its shareholdings in the Company and ceased to be the connected person thereafter.

From 1 April 2017 to 26 May 2017, the Group sold iron ore amounted to approximately US$14 million (equivalent to approximately HK$106 million) to Nanjing IS pursuant to the Nanjing Steel Off-take Agreement. The price and the terms of the above transactions have been determined in accordance with the pricing policies and guideline set out in relevant announcements dated 8 January 2015, 12 January 2015 and 15 January 2015 and relevant circular dated 29 January 2015.

4. Connected Transaction in respect of Acquisition of shares in PT Conch Cement Indonesia

On 14 July 2017, the Company, through its wholly-owned subsidiary, Full Right, acquired 25% of the issued share capital of Indonesia Conch from PMIL at a consideration of HK$450 million. PMIL is 95% owned by Super Chine and Super Chine is wholly owned by Keen Phoenix, which is 50% beneficially owned by Mr. Wong, and hence a connected person the Company. The acquisition constituted a major and connected transaction of the Company, details of the acquisition is set out in the subsection headed "Acquisition of shares in PT Conch Cement Indonesia" on page 29 under "Management Discussion and Analysis" section to this annual report.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have reviewed the above continuing connected transactions, and are of the opinion that the continuing connected transactions were entered into:

(i) in the ordinary and usual course of businesses of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or form independent third parties; and

(iii) in accordance with the respective agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with paragraph 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Business Review

Details of business review during the Year are set out in section "Business Review" under "Management Discussion and Analysis" section on pages 12 to 22 of this annual report.

Principal Risks and Uncertainties

As set out in the section headed "Foreign Exchange Exposure" under the "Management Discussion and Analysis" section to this annual report, the Board identifies a risk of fluctuation in the foreign exchange rate between the US$ and RMB. The Group's trade in clinker and cement and its trade in iron ore and other raw materials are conducted predominantly in US$, while its granite mining and production business and property development business in the PRC are conducted in RMB. The fluctuation in foreign exchange posed a principal risk to the Group, and a gain of approximately HK$283 million has been recognised for the purpose of calculating the Group's other comprehensive income during the Year. Furthermore, there is another principal risk that the global economic slowdown may reduce the PRC's demand for iron ore imports.

Key Financial Performance Indicators

An analysis of the Group's financial performance in terms of key indicators are set out in the section headed "Financial Review" and "Liquidity, Financial Resources and Capital Structure" under the "Management Discussion and Analysis" to this annual report.

Events After the Reporting Period

Details of the significant events occurring after the reporting period are set out in note 48 to the consolidated financial statements.

Plan for the Future

As set out in the section headed "Outlook" under the "Management Discussion and Analysis" section to this annual report, the Group will continue to shift the focus of its business to property development and investment so as to capitalize on China's policies on national development. This is part of the Group's ongoing move to strengthen its diverse businesses with the aim of broadening its income stream. The property business of the Group already started projects in some vibrant cities of China and the capital of Indonesia in the past years to tap the promising markets there. To continue its endeavor to tap the property markets of China's economically vibrant cities for growth, the Group bought a 70% equity interest in a property development firm, Xuyi Changsheng Property and also a 70% equity interest in a property development firm, Suqian Shengda. Xuyi Changsheng Property owns a right to develop properties on two land lots in Xuyi county, Huaian city, Jiangsu province, the PRC, while the Suqian Shengda owns a land of an aggregate site area of approximately 45,214 sq.m. located at Suqian city, Jiangsu province, the PRC, certain residential units, shopping units and car parking spaces within the land. Such property projects are expected to generate considerable income either through rental or sales of properties as they will be completed in the next several years. Such strategic move will enable the Group to take the advantage of the new type of urbanization in the country and the development of the Greater Bay Area.

On the other hand, the Group has been stepping up investment in its businesses of clinker and cement trading. Remarkably, in July 2017, the Group completed the acquisition of a 25% stake in Indonesia Conch. The acquisition will enable the Group to benefit from a boom in Indonesia's clinker and cement manufacturing industry. The prospect of the industry is bright as the Indonesian government is committed to enhancing the country's infrastructure. Moreover, Indonesia, which is also one of the countries covered by China's Belt and Road Initiatives, can expect the policy to help foster its local economic development in the long term.

The expansion of such businesses can broaden the Group's income stream and can help to tide it over the hard time in the iron ore market. The Group will continue to seek opportunities in various industries and sectors and may consider resuming its iron ore mining and processing operations when iron ore prices stabilize at a high enough level to make them profitable.

Environmental Policies and Performance

The Group recognizes that the adoption of environmental policies is essential to the corporate growth, and it is committed to promoting environmental consciousness at the work place. For instance, the Group places emphasis on paper saving and recycling initiatives. It aims to minimize its business's impact on the environment in the interests of future generations.

The Group's mining operations in Malaysia and Brazil use the open-pit mining method to simplify operations and reduce production costs. The Group produces iron ore products through a relatively low-cost process which includes ball-milling, magnetic separation and dewatering. The process is environmentally friendly as it does not require chemical additives and reduces the amount of waste water. The Group's mining operations in Guilin use all the odd bits of the mined granite to produce feldspar powder products which can be used as raw materials for glass and ceramics, thereby reducing the amount of waste to be dumped. This helps to protect the environment.

The management of all the mining operations periodically review and evaluate the whole production procedure, from exploitation, excavation to processing, with the aim of minimizing the environmental impact.

In accordance with Rule 13.91 of the Listing Rules, the Company will publish an Environmental, Social and Governance ("ESG") Report within three months after the publication of this annual report in compliance with the provisions set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules.

Compliance with Laws and Regulations

As at 31 March 2018 and up to the date of this report, the Board was not aware of any non-compliance with the relevant laws and regulations that have a significant impact on the Company.

Compliance with the Code on Corporate Governance Practices

A full corporate governance report is set out on pages 40 to 50 of this annual report.

Sufficiency of Public Float

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Auditor

RSM Hong Kong will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of RSM Hong Kong as auditor of the Company is to be proposed at the forthcoming annual general meeting.

There is no change in auditors of the Company since the first appointment on 15 May 2006.

ON BEHALF OF THE BOARD
WONG Ben Koon
Chairman

Hong Kong, 29 June 2018

Independent Auditor's Report

TO THE SHAREHOLDERS OF
PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Prosperity International Holdings (H.K.) Limited and its subsidiaries (the "Group") set out on pages 73 to 165, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss, 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 (the "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 Auditor's 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 judgement, 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. The key audit matters we identified are as follows:

1. Impairment assessment of other intangible assets and property, plant and equipment; and
2. Fair value measurements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of other intangible assets and property, plant and equipment	
Refer to notes 18 and 21 to the consolidated financial statements. As at 31 March 2018, included in the Group's consolidated financial position were other intangible assets and property, plant and equipment of approximately HK$1,122,819,000 and HK$403,951,000 respectively. Management has performed impairment assessment on these assets by estimating the recoverable amounts of the cash-generating units to which these assets belong. Recoverable amount is the higher of value in use and fair value less costs of disposal of the cash-generating unit. These calculations required significant management judgement, in particular the selection of unobservable inputs and estimations of key assumptions for the future cash flow model, including forecast market price of iron ore, cost of production, future growth rate, profit margin and discount rate. The iron ore price fluctuated significantly during the year. Management considers that there is substantial uncertainty that the price will stabilise at a level sufficient to support profitable operations by the end of 2018 although the longer term trend is expected to be favourable. Accordingly, the resumption of production in the Group's mining operations has been deferred until the end of 2019 calendar year. In addition, the production budget was revised to include changes to forecasts of inflation in operating costs by reference to the latest operating conditions in the relevant countries. The recoverable amounts so determined were lower than the carrying amount of respective cash-generating units and impairment of other intangible assets and property, plant and equipment of approximately HK$487,807,000 and HK$144,550,000 were recognised during the year to reduce their carrying amounts to their recoverable amounts.	Our procedures in relation to management's impairment assessment included: • Assessing whether the valuation methodologies adopted by management were appropriate; • Testing the evidence supporting the unobservable inputs; • Evaluating the historical accuracy of the discounted cash flow forecasts used in last year's assessment by comparing with actual performance; • Assessing the reasonableness of the key assumptions based on historical performance and our knowledge of the industry; • Evaluating the appropriateness of the discount rate and discount of lack of marketability (assisted by our internal valuation experts); • Evaluating the appropriateness of the comparable companies selected; and • Checking the data, such as price per sale utilised in the model against published data.

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurements	
Refer to note 7 to the consolidated financial statements. At 31 March 2018, the Group's derivative financial assets, available-for-sale financial assets and investment properties categorised as level 3 amounted to approximately HK$74,968,000, HK$395,849,000 and HK$2,408,280,000 respectively. Determination of their fair values involves significant management estimations, in particular the selection of unobservable inputs. As the derivative financial assets, available-for-sale financial assets and investment properties are measured at fair value at each reporting date, these fair value measurements have significant impact on the financial performance and position of the Group.	Our procedures in relation to fair value measurements included: • Assessing whether the valuation methodologies adopted by management were appropriate; • Testing the evidence supporting the unobservable inputs utilised in the level 3 fair value measurements; and • Evaluating the adequacy of the level 3 fair value measurement disclosures in the consolidated financial statements.

Other Information

The directors are responsible for the Other Information. The Other Information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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 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 assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's 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 auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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 auditor's 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 auditor's 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, 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.

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 auditor's 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 partner on the audit resulting in this independent auditor's report is Wong Poh Weng.

RSM Hong Kong
Certified Public Accountants
Hong Kong
29 June 2018

Consolidated Statement of Profit or Loss

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	8	**4,479,820**	4,521,452
Cost of goods sold		**(4,199,557)**	(4,203,705)
Gross profit		**280,263**	317,747
Other income	9	**49,382**	105,890
Selling and distribution costs		**(96,522)**	(68,090)
Administrative expenses		**(221,664)**	(232,264)
Depreciation		**(149,017)**	(64,575)
Other operating (expenses)/income		**(690,927)**	26,066
(Loss)/profit from operations		**(828,485)**	84,774
Finance costs	11	**(216,468)**	(195,856)
Losses on extinguishment of financial liabilities		**–**	(43,026)
Losses on early redemption of convertible bonds		**(16,911)**	–
Net gains on disposals of available-for-sale financial assets		**–**	10,170
Net (losses)/gains on disposals of financial assets at fair value through profit or loss		**(4,454)**	3,632
Fair value (losses)/gains on financial assets at fair value through profit or loss		**(8,716)**	17,030
Fair value gains on derivative financial instruments		**62,896**	53,903
Fair value gains on investment properties	19	**3,067**	6,444
Loss before tax		**(1,009,071)**	(62,929)
Income tax credit/(expense)	12	**19,629**	(64,953)
Loss for the year	13	**(989,442)**	(127,882)
Attributable to:			
Owners of the Company		**(961,012)**	(119,733)
Non-controlling interests		**(28,430)**	(8,149)
		(989,442)	(127,882)
Loss per share			
— basic (HK cents)	17(a)	**(7.99)**	(1.20)
— diluted (HK cents)	17(b)	**N/A**	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Loss for the year	**(989,442)**	(127,882)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**282,778**	(116,871)
Impairment loss on available-for-sale financial assets	**33,327**	12,327
Fair value gains reclassified to profit or loss upon disposals of available-for-sale financial assets	**–**	(10,170)
Fair value gains/(losses) on available-for-sale financial assets	**69,419**	(106,435)
Other comprehensive income for the year, net of tax	**385,524**	(221,149)
Total comprehensive income for the year	**(603,918)**	(349,031)
Attributable to:		
Owners of the Company	**(673,996)**	(295,992)
Non-controlling interests	**70,078**	(53,039)
	(603,918)	(349,031)

Consolidated Statement of Financial Position

At 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	18	**403,951**	587,873
Investment properties	19	**2,408,280**	2,218,307
Other intangible assets	21	**1,122,819**	1,612,121
Available-for-sale financial assets	22	**356,000**	73,176
Financial assets at fair value through profit or loss	23	**–**	19,360
Non-current prepayments and other receivables	24	**318,294**	319,398
Deferred tax assets	35	**98,893**	125,666
		4,708,237	4,955,901
Current assets			
Inventories	25	**2,783,101**	2,557,190
Available-for-sale financial assets	22	**434,746**	293,176
Financial assets at fair value through profit or loss	23	**92,569**	31,699
Trade and bills receivables	26	**194,003**	523,514
Prepayments, deposits and other receivables	27	**422,414**	650,948
Current tax assets		**60**	198
Pledged deposits	28	**355,617**	70,042
Bank and cash balances	28	**254,711**	406,563
		4,537,221	4,533,330
TOTAL ASSETS		**9,245,458**	9,489,231

Consolidated Statement of Financial Position *(continued)*

At 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Capital and reserves			
Share capital	29	**127,462**	101,956
Reserves	31	**1,836,691**	2,238,887
Equity attributable to owners of the Company		**1,964,153**	2,340,843
Non-controlling interests		**1,173,644**	1,020,958
Total equity		**3,137,797**	3,361,801
Non-current liabilities			
Bank borrowings	32	**573,948**	561,766
Finance lease payables	33	**14**	235
Other loans and payables	34	**327,098**	316,386
Other borrowings	39	**49,291**	–
Convertible bonds	38	**–**	156,537
Guaranteed notes	40	**–**	166,932
Bonds	40	**126,000**	72,000
Deferred tax liabilities	35	**605,749**	694,559
		1,682,100	1,968,415
Current liabilities			
Trade and bills payables	36	**523,660**	712,219
Other payables and deposits received	37	**1,350,022**	1,352,844
Derivative financial liabilities	38	**–**	7,288
Current portion of bank borrowings	32	**1,222,840**	1,245,599
Other borrowings	39	**320,183**	302,750
Convertible bonds	38	**176,827**	–
Guaranteed notes	40	**177,790**	–
Current portion of bonds	40	**72,000**	–
Current portion of finance lease payables	33	**255**	914
Current tax liabilities		**581,984**	537,401
		4,425,561	4,159,015
Total liabilities		**6,107,661**	6,127,430
TOTAL EQUITY AND LIABILITIES		**9,245,458**	9,489,231
Net current assets		**111,660**	374,315
Total assets less current liabilities		**4,819,897**	5,330,216

Approved by the Board of Directors on 29 June 2018 and are signed on its behalf by:

Wong Ben Koon	**Kong Siu Keung**
Chairman and Executive Director	*Executive Director*

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	Foreign currency translation reserve HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Share-based payment reserve HK$'000	Investment reserve HK$'000	Capital reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2016	97,956	1,936,337	(142,434)	886,979	(12,880)	13,010	292,377	–	50	(501,763)	2,569,632	888,805	3,458,437
Total comprehensive income for the year	–	–	(75,195)	–	–	–	(101,064)	–	–	(119,733)	(295,992)	(53,039)	(349,031)
Transfer of reserve upon lapse of share options	–	–	–	–	–	(410)	–	–	–	410	–	–	–
Surplus from extension of loan from a related company (note 34(b))	–	–	–	–	–	–	–	2,019	–	–	2,019	–	2,019
Issue of shares upon share placements (note 29(a))	4,000	61,184	–	–	–	–	–	–	–	–	65,184	–	65,184
Appropriation to statutory reserve	–	–	–	–	–	–	–	–	5,190	(5,190)	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	185,573	185,573
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	–	(381)	(381)
Changes in equity for the year	4,000	61,184	(75,195)	–	–	(410)	(101,064)	2,019	5,190	(124,513)	(228,789)	132,153	(96,636)
At 31 March 2017	101,956	1,997,521	(217,629)	886,979	(12,880)	12,600	191,313	2,019	5,240	(626,276)	2,340,843	1,020,958	3,361,801

	Attributable to owners of the Company														
	Share capital HK$'000	Share premium HK$'000	Treasury shares HK$'000	Foreign currency translation reserve HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Share-based payment reserve HK$'000	Investment reserve HK$'000	Capital reserve HK$'000	Convertible bonds reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2017	101,956	1,997,521	–	(217,629)	886,979	(12,880)	12,600	191,313	2,019	–	5,240	(626,276)	2,340,843	1,020,958	3,361,801
Total comprehensive income for the year	–	–	–	184,270	–	–	–	102,746	–	–	–	(961,012)	(673,996)	70,078	(603,918)
Transfer of reserve upon lapse of share options	–	–	–	–	–	–	(513)	–	–	–	–	513	–	–	–
Issue of new shares upon share placements (note 29(b))	2,273	22,727	–	–	–	–	–	–	–	–	–	–	25,000	–	25,000
Acquisition of available-for-sale financial assets (note 29(c))	23,334	240,333	–	–	–	–	–	–	–	9,546	–	–	273,213	–	273,213
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	82,608	82,608
Purchase of treasury shares (note 29(d))	–	–	(907)	–	–	–	–	–	–	–	–	–	(907)	–	(907)
Cancellation of treasury shares (note 29(d))	(101)	(806)	907	–	–	–	–	–	–	–	–	–	–	–	–
Appropriation to statutory reserve	–	–	–	–	–	–	–	–	–	–	32	(32)	–	–	–
Redemption of convertible bonds	–	–	–	–	–	–	–	–	–	(9,546)	–	9,546	–	–	–
Changes in equity for the year	25,506	262,254	–	184,270	–	–	(513)	102,746	–	–	32	(950,985)	(376,690)	152,686	(224,004)
At 31 March 2018	127,462	2,259,775	–	(33,359)	886,979	(12,880)	12,087	294,059	2,019	–	5,272	(1,577,261)	1,964,153	1,173,644	3,137,797

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(1,009,071)**	(62,929)
Adjustments for:			
Finance costs	11	**216,468**	195,856
Interest income	9	**(16,737)**	(81,371)
Dividend income	9	**(2,344)**	(1,875)
Depreciation		**149,017**	64,575
Impairment loss on available-for-sale financial assets	13	**33,327**	12,327
Impairment loss on property, plant and equipment	18	**144,550**	1,669
Impairment loss on other intangible assets	21	**487,807**	20,331
Impairment loss on goodwill	20	**–**	15,105
Reversal of impairment loss on property, plant and equipment	18	**–**	(31,185)
Reversal of impairment loss on other intangible assets	21	**–**	(97,215)
Allowance for other receivables	27	**25,243**	–
Allowance/(reversal of allowance) for inventories	13	**18,187**	(83,695)
Allowance for uncollectible minimum lease payments receivable	13	**–**	25,685
Bad debts	13	**298**	192
Losses on extinguishment of financial liabilities		**–**	43,026
Losses on early redemption of convertible bonds		**16,911**	–
Losses on disposals of property, plant and equipment	13	**239**	5,956
Net gains on disposals of available-for-sale financial assets		**–**	(10,170)
Net losses/(gains) on disposals of financial assets at fair value through profit or loss		**4,454**	(3,632)
Fair value losses/(gains) on financial assets at fair value through profit or loss		**8,716**	(17,030)
Fair value gains on derivative financial instruments		**(62,896)**	(53,903)
Fair value gains on investment properties	19	**(3,067)**	(6,444)
Operating profit/(loss) before working capital changes		**11,102**	(64,727)
Decrease/(increase) in inventories		**234,127**	(344,990)
Increase in financial assets at fair value through profit or loss		**–**	(4,327)
Decrease/(increase) in trade and bills receivables		**333,097**	(278,127)
Decrease/(increase) in prepayments, deposits and other receivables		**243,382**	(27,497)
(Decrease)/increase in trade and bills payables		**(217,693)**	464,703
(Decrease)/increase in other payables and deposits received		**(215,491)**	387,351
Cash generated from operating activities		**388,524**	132,386
Income tax paid		**(64,744)**	(74,190)
Net cash generated from operating activities		**323,780**	58,196

Consolidated Statement of Cash Flows *(continued)*

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/decrease in pledged deposits and time deposits		**(292,939)**	33,329
Interest received		**16,737**	17,238
Dividend received		**2,344**	1,875
Purchases of property, plant and equipment	18	**(104,721)**	(1,827)
Additions of investment properties	19	**–**	(20,887)
Acquisition of financial assets at fair value through profit or loss		**(16,273)**	–
Acquisition of subsidiaries		**(189,236)**	(14,242)
Proceeds from disposal of financial assets at fair value through profit or loss		**17,201**	–
Proceeds from disposals of property, plant and equipment		**434**	2,733
Proceeds from disposal of a subsidiary		**–**	46,512
Net cash (used in)/generated from investing activities		**(566,453)**	64,731
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance from related companies		**–**	4,797
Bank loans raised		**2,656,951**	2,534,744
Other borrowings raised		**84,535**	67,000
Proceeds from issue of shares upon share placements		**25,000**	65,184
Proceeds from issue of convertible bonds		**–**	154,082
Proceeds from issue of guaranteed notes		**–**	153,660
Proceeds from issue of bonds		**126,000**	72,000
Purchases of treasury shares	29	**(907)**	–
Repayment of bank loans		**(2,683,419)**	(2,693,022)
Repayment of other borrowings		**(22,000)**	(74,250)
Repayment of finance lease payables		**(880)**	(1,796)
Repayment of convertible bonds	38	**(9,117)**	(3,987)
Repayment of guaranteed notes		**(7,866)**	–
Interests paid		**(139,849)**	(158,477)
Net cash generated from financing activities		**28,448**	119,935
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(214,225)**	242,862
Effect of foreign exchange rate changes		**61,642**	(15,083)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**406,563**	178,784
CASH AND CASH EQUIVALENTS AT END OF YEAR		**253,980**	406,563
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**254,711**	406,563
Bank overdraft	32	**(731)**	–
		253,980	406,563

1. General Information

Prosperity International Holdings (H.K.) Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is Suites 1801–6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 47 to these consolidated financial statements.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for financial year beginning on or after 1 April 2017. None of these impact on the accounting policies of the Group. However, the Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The effect of the amendments on the Group's consolidated financial statements has been the inclusion of additional disclosures in note 42(b) to these consolidated financial statements.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to HKAS 40 Investment Property: Transfers of investment property	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on these consolidated financial statements. Further details of the expected impacts are discussed below. While the Group is performing a more detailed analysis on the impact of adopting HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of these standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 September 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(b) New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(a) Classification and measurement

Currently, the Group classified its listed and unlisted equity securities as available-for-sale financial assets at fair value through other comprehensive income. Based on a preliminary assessment, if the Group were to adopt the new classification requirements at 31 March 2018, the Group expects to irrevocably designate those listed equity securities classified as available-for-sale financial assets at fair value through other comprehensive income while those unlisted equity securities classified as available-for-sale financial assets at fair value through profit or loss.

Fair value gains and losses on these available-for-sale financial assets at fair value through other comprehensive income will no longer be recycled to profit or loss on disposal. Impairment losses on equity securities will no longer be recognised in profit or loss but rather in other comprehensive income.

(b) Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, the Group does not expect the application of the expected credit loss model will have a significant impact.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18 Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11 Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in accumulated losses as of 1 April 2018 and that comparatives will not be restated.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(b) New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 15 Revenue from Contracts with Customers *(Continued)*

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

Currently, revenue from the sales of goods and properties is generally recognised when the risks and rewards of ownership have passed to the customers, whereas the rental income is recognised on a straight-line basis, and the agency, commission and despatch income is recognised on an accrual basis.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; and

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15, the entity recognises revenue for the sales of that good and properties or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises rental income, agency income, commission and despatch income.

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, adoption of HKFRS 15 is not expected to have any material impact on the Group's revenue or profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group currently expensed off the costs associated with obtaining the sales of properties contracts with customers. Under the requirement of HKFRS 15, incremental costs of obtaining a contract is eligible for capitalisation as deferred contract costs if they meet certain criteria. The directors expect the recognition of deferred contract costs will not have a significant impact.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(b) New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 15 Revenue from Contracts with Customers *(Continued)*

(a) Timing of revenue recognition (Continued)

In respect of sales of properties, when payments are made before the properties are delivered to the customer, the customer may provide the Group with a benefit of financing. The Group will not adjust the amount of promised consideration if the difference between that amount and the cash selling price is not material at a contract level or if the Group expects at contract inception, that the period between the Group transfers the property and when the customer pays for that property will be one year or less. Otherwise, the Group will adjust the amount of promised consideration and recognise revenue at the cash selling price in accordance with the requirement of HKFRS 15.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating lease. The Group's office premises, staff quarters and lands for properties under development for sales are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 45(a), the Group's future minimum lease payments under non-cancellable operating leases for its office premises, staff quarters and land costs for properties under development for sale, in aggregate, amounted to approximately HK$68,807,000 as at 31 March 2018. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(b) New and revised HKFRSs in issue but not yet effective *(Continued)*

HK(IFRIC) 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on these consolidated financial statements until a more detailed assessment has been completed.

4. Significant Accounting Policies

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment properties, financial assets at fair value through profit or loss, available-for-sale financial assets and derivative financial instruments that are measured at fair value).

The preparation of these consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

4. Significant Accounting Policies *(Continued)*

(a) Consolidation *(Continued)*

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

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

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

4. Significant Accounting Policies *(Continued)*

(b) Business combination and goodwill *(Continued)*

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. Significant Accounting Policies *(Continued)*

(c) Foreign currency translation *(Continued)*

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Property, plant and equipment

Property, plant and equipment, including buildings and leasehold land (classified as finance leases), held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

4. Significant Accounting Policies *(Continued)*

(d) Property, plant and equipment *(Continued)*

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	4%
Furniture and fixtures	20% to 33%
Leasehold improvements	10%
Mining infrastructure	5%
Motor vehicles	10% to 50%
Office equipment	20% to 33%
Plant and machinery	10% to 25%

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

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property (including property that is being constructed or developed for future use as investment property) is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(f) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Prepaid land lease payments are stated at cost and subsequently amortised on the straight-line basis over the remaining term of the lease.

4. Significant Accounting Policies *(Continued)*

(f) Leases *(Continued)*

The Group as lessee *(Continued)*

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses. The mining rights are amortised from the date when the mining activities commence and based on the unit of production method.

(i) Properties under development for sale and properties held for sale

Properties under development for sale and properties held for sale are stated at the lower of cost and net realisable value. Costs include acquisition costs of land, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

4. Significant Accounting Policies *(Continued)*

(j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(k) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either financial assets classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these financial assets are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank and cash balances are classified in this category.

4. Significant Accounting Policies *(Continued)*

(k) Financial assets *(Continued)*

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

(l) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(m) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4. Significant Accounting Policies *(Continued)*

(p) Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded option for the holder to convert the bonds into equity of the Group, is included in equity as convertible bonds reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion related to the equity component is charged directly to equity.

Convertible bonds which entitle the holder to convert the bonds into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments consisting of a liability and a derivative component. At the date of issue, the fair value of the derivative component is determined using an option pricing model; and this amount is carried as derivatives that are subsequently measured at fair value through profit or loss until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and derivative components of the convertible loan notes based on the allocation of proceeds to the liability and derivative components on initial recognition. The portion related to the derivative component is expensed immediately.

(q) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

— the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

— the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

(r) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. Significant Accounting Policies *(Continued)*

(t) Derivative financial instruments

All derivatives are initially recognised and subsequently measured at fair value. Changes in the fair value of derivatives are recognised in profit or loss as they arise.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the combined instrument is not carried at fair value with changes in fair value recognised in profit or loss.

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Rental income is recognised on a straight-line basis over the lease term.

Agency income, commission and despatch income is recognised on an accrual basis.

Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all eligible employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. Significant Accounting Policies *(Continued)*

(w) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

(x) 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(y) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. Significant Accounting Policies *(Continued)*

(y) Taxation *(Continued)*

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(z) People's Republic of China ("PRC") land appreciation tax ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

(aa) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

4. Significant Accounting Policies *(Continued)*

(aa) Impairment of non-financial assets *(Continued)*

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(bb) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and 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 all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

In respect of available-for-sale equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in investment reserve; impairment losses are not reversed through profit or loss.

4. Significant Accounting Policies *(Continued)*

(cc) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected 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 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 is remote.

(dd) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Critical Judgements and Key Estimates

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in these consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the directors have adopted the presumption that investment properties measured using the fair value model are recovered through use.

(b) Classification of investment as available-for-sale financial assets of more than 20% equity interest

Although the Group holds more than 20% of the equity interests of PT Conch Cement Indonesia ("Indonesia Conch"), the directors considered that the Group does not have significant influence over Indonesia Conch because the Group is not able to appoint any director of Indonesia Conch, nor participate in the financial and operating policy decisions of Indonesia Conch.

5. Critical Judgements and Key Estimates *(Continued)*

Key sources of estimation uncertainty

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, are discussed below.

(a) Impairment of non-financial assets

As set out in note 4(aa), if circumstances indicate that the carrying amount of an asset may not be recoverable, the asset may be considered impaired, and an impairment loss may be recognised in accordance with HKAS 36, "Impairment of Assets". These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the fair value less cost of disposal and the value in use. It is difficult to precisely estimate market value because quoted market prices for the Group's assets are not 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 level of sales volume and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume and amount of operating costs.

During the year ended 31 March 2018, impairment losses of approximately HK$144,550,000 and HK$487,807,000, (2017: impairment loss of approximately HK$1,669,000 and HK$20,331,000, and reversal of impairment losses of approximately HK$31,185,000 and HK$97,215,000) were recognised for the property, plant and equipment and other intangible assets, respectively. Details of calulations of recoverable amounts are set out in note 21 to these consolidated financial statements.

(b) Mine reserves and impairment of mining rights

Mine reserves are estimates of the quantity of product that can be economically and legally extracted from the mining site. In order to calculate the mine reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, production costs, transport costs, commodity demand and commodity prices.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data. Should there be any change in economic assumptions and geological data that used to estimate mine reserves, impairment losses on the mining rights may arise.

The carrying amount of mining rights as at 31 March 2018 was approximately HK$1,122,819,000 (2017: HK$1,612,121,000).

5. Critical Judgements and Key Estimates *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(c) Fair values of investment properties

The Group appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of investment properties as at 31 March 2018 was approximately HK$2,408,280,000 (2017: HK$2,218,307,000).

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income tax and deferred tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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. During the year, income tax of approximately HK$19,629,000 (2017: HK$64,953,000) was credited (2017: charged) to profit or loss based on the estimated profit from operations.

(e) Net realisable value of properties under development for sale

The Group's properties under development for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion, and the costs to be incurred in selling the properties based on prevailing market conditions. The Group also appointed an independent professional valuer to assess the net realisable value of the properties under development for sales. If there is an increase in costs of completion or a decrease in net sales value, provision of properties under development for sale may be resulted. Such provision requires the use of judgements and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years. No provision was made for the year ended 31 March 2018 (2017: Nil).

5. Critical Judgements and Key Estimates *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(f) Allowance on trade and other receivables

The Group makes allowance on receivables based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness, past collection history and securities (if any) of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of allowance on receivables requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and allowance on receivables in the year in which such estimate has been changed. Details of the allowance on trade and other receivables are set out in notes 26 and 27 to these consolidated financial statements.

As at 31 March 2018, accumulated allowance on trade and bills receivables, and loan and other receivables were approximately HK$4,957,000 (2017: HK$4,280,000) and HK$195,660,000 (2017: HK$169,166,000) respectively.

(g) Allowance for inventories

Allowance for inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgements and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer's taste and competitor's actions in response to severe industry cycles. The Group will reassess the estimates by the end of each reporting period.

During the year, allowance for inventories of approximately HK$18,187,000 (2017: reversal of allowance HK$83,695,000) was made.

5. Critical Judgements and Key Estimates *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(h) Fair value of investments

In the absence of quoted market prices in an active market, the fair values of the Group's investments in certain unlisted equity securities at the end of the reporting period, details of which are set out in note 22 to these consolidated financial statements, were determined using different valuation techniques, including market comparable approach, asset-based approach and income capitalisation approach, individually or in combination, depending on the circumstances. The Group appointed independent professional valuers to assess the fair values of these investments. Application of these approaches requires the Group to estimate the prominent factors affecting the fair values, including but not limited to, discount rates, growth rates, budgeted gross margin and revenue, price book multiple of similar companies in the market, latest published financial information as well as discount for lack of marketability of the investments.

The carrying amounts of these investments as at 31 March 2018 was approximately HK$395,849,000 (2017: HK$73,176,000).

(i) Environmental contingencies

Up to the report date, the Group has not incurred any significant expenditure for environment remediation, is currently not involved in any environmental remediation, and has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The governments of the countries of which the Group operates, however, has moved and may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to mines' production plants whether operating, closed and sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material.

6. Financial Risk Management

The Group's activities expose it to a variety of financial risks, including foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of respective Group entities, such as United States dollars ("US$") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

	Functional currency strengthened/ (weakened) by	(Increase)/decrease in consolidated loss after tax HK$'000
Year ended 31 March 2018		
US$	**2%/(2%)**	**4,786/(4,786)[i]**
RMB	**2%/(2%)**	**168/(168)[ii]**

	Functional currency strengthened/ (weakened) by	(Increase)/decrease in consolidated loss after tax HK$'000
Year ended 31 March 2017		
US$	2%/(2%)	5,141/(5,141)[i]
RMB	2%/(2%)	(6,900)/6,900[ii]

(i) This is mainly a result of the foreign exchange gain/(loss) on trade and bills receivables, deposits and other receivables, bank and cash balances, trade and bills payables, bank borrowings and other payables denominated in US$.

(ii) This is mainly a result of the foreign exchange gain/(loss) on trade and bills receivables, deposits and other receivables, bank and cash balances and other payables denominated in RMB.

6. Financial Risk Management *(Continued)*

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in 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 quoted on the Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had increased/decreased by 10% (2017: 10%) with all other variables held constant:

- consolidated loss after tax for the year ended 31 March 2018 would be approximately HK$1,760,000 (2017: HK$3,170,000) lower/higher respectively, arising as a result of the fair value gain/loss on the held for trading investments; and
- other comprehensive income for the year ended 31 March 2018 would be approximately HK$43,474,000 (2017: HK$29,318,000) higher/lower respectively, arising as a result of the fair value gain/loss of available-for-sale investments.

(c) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, loan and other receivables.

As at 31 March 2018, the three largest trade receivables represent approximately 76% (2017: 69%) of the total trade and bills receivables. The Group was exposed to the concentration of credit risk. In order to minimise the credit risk, the Group maintains various credit policies for business operations as described in note 26 to these consolidated financial statements.

The directors review the recoverable amount of each individual loan and other receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The credit risk on financial assets at fair value through profit or loss and available-for-sale financial assets is limited because the counterparties are well-established securities broker firms.

Except for the financial guarantees given by the Group as set out in note 43, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 43.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

For borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

6. Financial Risk Management *(Continued)*

(d) Liquidity risk *(Continued)*

The maturity analyses based on contractual undiscounted cashflows of the Group's non-derivative financial liabilities are as follows:

	On demand or within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
At 31 March 2018			
Bank borrowings subject to a repayment on demand clause	**284,856**	**–**	**–**
Other bank borrowings	**988,205**	**554,462**	**37,054**
Other borrowings	**329,949**	**50,598**	**–**
Trade and bills payables	**523,660**	**–**	**–**
Other payables	**707,085**	**–**	**–**
Financial guarantees	**1,239,355**	**–**	**–**
Other loans and payables	**–**	**354,339**	**–**
Convertible bonds	**179,478**	**–**	**–**
Guaranteed notes	**179,478**	**–**	**–**
Bonds	**84,394**	**127,760**	**–**
Finance lease payables	**286**	**14**	**–**
At 31 March 2017			
Bank borrowings subject to a repayment on demand clause	371,256	–	–
Other bank borrowings	914,048	187,377	406,583
Other borrowings	312,383	–	–
Trade and bills payables	712,219	–	–
Other payables	536,896	–	–
Financial guarantees	1,263,583	–	–
Other loans and payables	–	60,743	293,605
Convertible bonds	9,247	179,478	–
Guaranteed notes	9,247	179,478	–
Bonds	4,680	76,680	–
Finance lease payables	1,023	274	16

Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

6. Financial Risk Management *(Continued)*

(d) Liquidity risk *(Continued)*

The maturity analysis of the bank borrowings subject to a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
At 31 March 2018	**146,380**	**85,177**	**78,844**
At 31 March 2017	207,865	107,623	79,739

(e) Interest rate risk

The Group's exposure to interest rate risk mainly arises from its bank deposits and bank borrowings. The bank deposits and bank borrowings of approximately HK$576,914,000 (2017: HK$361,765,000) and HK$1,638,609,000 (2017: HK$1,705,941,000) respectively bear interests at variable rates varied with the then prevailing market condition and therefore are subject to cash flow interest rate risk.

	Increase/ (decrease) in basis point	(Increase)/ decrease in consolidated loss after tax HK$'000
Year ended 31 March 2018		
Bank deposits	**10/(10)**	**577/(577)**[(i)]
Bank borrowings	**100/(100)**	**(16,018)/16,018**[(ii)]

	Increase/ (decrease) in basis point	(Increase)/ decrease in consolidated loss after tax HK$'000
Year ended 31 March 2017		
Bank deposits	10/(10)	362/(362)[(i)]
Bank borrowings	100/(100)	(17,002)/17,002[(ii)]

(i) This is mainly a result of the increase/(decrease) in interest income on bank balances.

(ii) This is mainly a result of the (increase)/decrease in interest expenses on bank borrowings.

6. Financial Risk Management *(Continued)*

(f) Categories of financial instruments as at 31 March

	2018 HK$'000	2017 HK$'000
Financial assets:		
Available-for-sale financial assets	**790,746**	366,352
Financial assets at fair value through profit or loss		
— derivative financial assets	**74,968**	19,360
— held for trading	**17,601**	31,699
Loans and receivables (including cash and cash equivalents)	**1,051,462**	1,499,244
Financial liabilities:		
Financial liabilities at fair value through profit or loss		
— derivative financial liabilities	**–**	7,288
Financial liabilities measured at amortised cost	**4,276,222**	4,071,085

(g) Fair values

Except as disclosed in note 38 to these consolidated financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

7. Fair Value Measurements *(Continued)*

(a) Disclosures of level in fair value hierarchy at 31 March

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2018 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss				
Derivative financial assets	–	–	74,968	74,968
Held for trading	17,601	–	–	17,601
	17,601	–	74,968	92,569
Available-for-sale financial assets				
Equity securities listed in Hong Kong	370,785	–	–	370,785
Equity securities listed outside Hong Kong	14,081	–	–	14,081
Unlisted equity securities	–	10,031	395,849	405,880
	384,866	10,031	395,849	790,746
Investment properties				
Commercial — Hong Kong	–	–	18,200	18,200
Commercial — PRC	–	–	2,390,080	2,390,080
	–	–	2,408,280	2,408,280
	402,467	10,031	2,879,097	3,291,595

7. Fair Value Measurements *(Continued)*

(a) Disclosures of level in fair value hierarchy at 31 March *(Continued)*

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2017 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss				
Derivative financial assets	–	–	19,360	19,360
Held for trading	31,699	–	–	31,699
	31,699	–	19,360	51,059
Available-for-sale financial assets				
Equity securities listed in Hong Kong	267,087	–	–	267,087
Equity securities listed outside Hong Kong	17,130	–	–	17,130
Unlisted equity securities	–	8,959	73,176	82,135
	284,217	8,959	73,176	366,352
Investment properties				
Commercial — Hong Kong	–	–	17,570	17,570
Commercial — PRC	–	–	2,200,737	2,200,737
	–	–	2,218,307	2,218,307
	315,916	8,959	2,310,843	2,635,718
Recurring fair value measurements:				
Financial liabilities				
Derivative financial liabilities	–	–	7,288	7,288

During the two years, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

7. Fair Value Measurements *(Continued)*

(b) Reconciliation of assets and liabilities measured at fair value based on level 3

Description	Financial assets at fair value through profit or loss- derivative financial assets 2018 HK$'000	Available-for-sale financial assets- unlisted equity securities 2018 HK$'000
At beginning of year	19,360	73,176
Acquisition	–	354,725
Total gains/(losses) recognised:		
— in profit or loss	55,608	(33,327)
— in other comprehensive income	–	1,275
At end of year	74,968	395,849

Description	2017 HK$'000	2017 HK$'000
At beginning of year	–	96,574
Disposal	–	(10,274)
Total gains/(losses) recognised:		
— in profit or loss	19,360	(12,327)
— in other comprehensive income	–	(545)
Exchange differences	–	(252)
At end of year	19,360	73,176

The total gains/(losses) recognised in profit or loss for financial assets at fair value through profit or loss and available-for-sale financial assets of approximately HK$55,608,000 (2017: HK$19,360,000) and HK$33,327,000 (2017: HK$12,327,000) respectively, are gains/(losses) for assets held at the end of the reporting period. The total gains/(losses) recognises in other comprehensive income are recognised in the line item "fair value gains/(losses) on available-for-sale financial assets" on the face of these consolidated statement of profit or loss and other comprehensive income. The total gains/(losses) recognises in profit or loss are recognised in the line items "fair value (losses)/gains on derivative financial instruments" and "other operating (expenses)/income" on the face of these consolidated statement of profit or loss.

The movements in the investment properties under Level 3 fair value measurements during the year are presented in note 19 to these consolidated financial statements. Fair value adjustment on investment properties are recognised in the line item "fair value gains on investment properties" on the face of these consolidated statement of profit or loss.

7. Fair Value Measurements *(Continued)*

(b) Reconciliation of assets and liabilities measured at fair value based on level 3 *(Continued)*

The movements in the derivative financial liabilities under Level 3 fair value measurements during the year are presented in note 38 to these consolidated financial statements. Fair value adjustment on derivative financial liabilities are recognised in the line item "fair value gains on derivative financial instruments" on the face of these consolidated statement of profit or loss.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements as at 31 March

The Group's finance director is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The finance director reports directly to the Board of Directors of the Company (the "Board") for these fair value measurements. Discussions of valuation processes and results are held between the finance director and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with recognised professional qualifications and recent experience to perform the valuations.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value 2018 HK$'000
Assets			
Unlisted equity securities	Fund's net asset value	N/A	**10,031**

Description	Valuation technique	Inputs	Fair value 2017 HK$'000
Assets			
Unlisted equity securities	Fund's net asset value	N/A	8,959

Level 3 fair value measurements

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2018 HK$'000
Assets					
Investment properties					
Commercial — Hong Kong	Direct comparison	Adjusted market price (HK$/square feet)	11,200	Increase	**18,200**

7. Fair Value Measurements *(Continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements as at 31 March *(Continued)*

Level 3 fair value measurements *(Continued)*

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2018 HK$'000
Commercial — PRC	Direct comparison	Adjusted market price (RMB/square metre)	22,000–95,500	Increase	**2,145,919**
		Adjusted market price (RMB/car parking space)	637,000–643,000	Increase	
	Income capitalisation	Terminal yield	6%–6.5%	Decrease	**244,161**
		Reversionary yield	5%–7%	Decrease	
		Monthly rental (RMB/square metre)	12–117	Increase	
Unlisted equity securities — Hong Kong	Market comparable approach	Average price book multiple	0.58	Increase	**39,849**
		Book value	HK$642,891,000	Increase	
		Discount for lack of marketability	25%	Decrease	
Unlisted equity securities — Indonesia	Income capitalisation	Weighted average cost of capital	19%	Decrease	**356,000**
		Long-term growth rate	3%	Increase	
		Gross profit margin rate	33%–46%	Increase	
		Discount for lack of marketability	15.9%	Decrease	
		Non-controlling interests	22.24%	Decrease	
Derivative financial assets	Black-Scholes Model with Binomial Tree method	Share price	HK$0.40	Decrease	**74,968**
		Expected volatility	32.37%	Increase	
		Application failure rate	100%	Increase	
		Dividend yield	0%	Increase	

7. Fair Value Measurements *(Continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements as at 31 March *(Continued)*

Level 3 fair value measurements *(Continued)*

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2017 HK$'000
Assets					
Investment properties					
Commercial — Hong Kong	Direct comparison	Adjusted market price (HK$/square feet)	11,000	Increase	17,570
Commercial — PRC	Direct comparison	Adjusted market price (RMB/square metre)	22,000–96,000	Increase	1,977,796
		Adjusted market price (RMB/car parking space)	637,000–643,000	Increase	
	Income capitalisation	Terminal yield	6%–6.5%	Decrease	222,941
		Reversionary yield	5%–7%	Decrease	
		Monthly rental (RMB/square metre)	13–116	Increase	
Unlisted equity securities — Hong Kong	Market comparable approach	Average price book multiple	0.83	Increase	73,176
		Book value	HK$1,006,169,000	Increase	
		Discount for lack of marketability	12%	Decrease	
Derivative financial assets	Black-Scholes Model with Binomial Tree method	Share price	HK$0.73	Decrease	19,360
		Expected volatility	26.48%	Increase	
		Application failure rate	47.22%	Increase	
		Dividend yield	0%	Increase	
Liabilities					
Derivative financial liabilities	Black-Scholes Model with Trinomial Tree method	Expected volatility	34.66%	Increase	7,288
		Dividend yield	0%	Decrease	

During the two years, there were no changes in the valuation techniques used.

8. Revenue

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

	2018 HK$'000	2017 HK$'000
Mining and trading of iron ore and raw materials	**2,876,008**	3,158,855
Sales of properties	**921,883**	508,291
Trading of clinker, cement and other building materials	**619,201**	793,772
Trading of equipment	**–**	22,755
Rental income	**62,728**	37,779
	4,479,820	4,521,452

9. Other Income

	2018 HK$'000	2017 HK$'000
Interest income on:		
Bank deposits	**3,128**	6,300
Consideration receivable	**13,609**	41,696
Finance lease receivable	**–**	33,375
Total interest income for financial assets that are not at fair value through profit or loss	**16,737**	81,371
Agency income	**9,078**	–
Commission received	**3,576**	1,250
Despatch income	**2,749**	1,983
Dividend income	**2,344**	1,875
Consulting services	**452**	5,703
Others	**14,446**	13,708
	49,382	105,890

10. Segment Information

Operating segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. In the manner consistent with the way in which information is reported internally to the Group's chief operating decision makers ("CODM") for the purposes of resources allocation and performance assessment, the Group has identified the following three reportable segments:

(i) Real estate investment and development;

(ii) Mining and trading of iron ore and raw materials; and

(iii) Trading of clinker, cement and other building materials.

Other operating segments which do not meet the quantitative thresholds prescribed by HKFRS 8 for determining reportable segments are combined as "all other segments". The Group's CODM regularly reviews the composition of the Group's reportable segments in order to improve the resource allocation and better assess the performance of the Group.

The accounting policies of operating segments are the same as those described in note 4 to these consolidated financial statements. Segment profits or losses do not include allowances for uncollectible minimum lease payments receivable and other receivables, impairment loss /reversal of impairment loss on other intangible assets and property, plant and equipment, impairment loss on available-for-sale financial assets and goodwill, losses on extinguishment of financial liabilities, losses on early redemption of convertible bonds, fair value losses/gains on derivative financial instruments, investment properties and financial assets at fair value through profit or loss, net losses/gains on disposals of financial assets at fair value through profit or loss and available-for-sale financial assets, finance costs, income tax credit/expense and other corporate income and expenses.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Segment assets and liabilities of the Group are not reported to the Group's CODM regularly. As a result, reportable segment assets and liabilities have not been presented in these consolidated financial statements.

10. Segment Information *(Continued)*

Information about reportable segment revenue and profit or loss is as follows:

	Real estate investment and development HK$'000	Mining and trading of iron ore and raw materials HK$'000	Trading of clinker, cement and other building materials HK$'000	All other segments HK$'000	Total HK$'000
Year ended 31 March 2018					
Revenue from external customers	984,611	2,876,008	613,427	5,774	4,479,820
Intersegment revenue	600	–	–	–	600
Segment profit/(loss)	163,110	(224,806)	1,127	(56,268)	(116,837)
Other information:					
Interest income	1,817	1,233	9	66	3,125
Interest expense	11,901	88,349	1,171	3,046	104,467
Depreciation	4,487	141,926	161	2,419	148,993
Income tax expense/(credit)	54,879	(65,371)	1,014	(10,151)	(19,629)
Other material non-cash item:					
Allowance for inventories	–	18,187	–	–	18,187

	Real estate investment and development HK$'000	Mining and trading of iron ore and raw materials HK$'000	Trading of clinker, cement and other building materials HK$'000	All other segments HK$'000	Total HK$'000
Year ended 31 March 2017					
Revenue from external customers	546,070	3,158,855	790,417	26,110	4,521,452
Intersegment revenue	600	–	–	–	600
Segment profit/(loss)	101,997	(72,384)	18,766	(33,722)	14,657
Other information:					
Interest income	3,668	34,365	3	3,512	41,548
Interest expense	5,243	83,815	1,276	3,283	93,617
Depreciation	4,950	57,226	184	1,933	64,293
Income tax expense/(credit)	71,988	(4,343)	2,390	(5,082)	64,953
Other material non-cash item:					
Reversal of allowance for inventories	–	83,695	–	–	83,695

10. Segment Information (Continued)

Reconciliations of reportable segment revenue and profit or loss:

	2018 HK$'000	2017 HK$'000
Revenue		
Total revenue from reportable segments	**4,480,420**	4,522,052
Elimination of intersegment revenue	**(600)**	(600)
Consolidated revenue	**4,479,820**	4,521,452
Profit or loss		
Total (loss)/profit of reportable segments	**(116,837)**	14,657
Other profit or loss	**20,680**	83,773
Allowance for uncollectible minimum lease payments receivable	**–**	(25,685)
Allowance for other receivables	**(25,243)**	–
Reversal of impairment loss on other intangible assets	**–**	97,215
Reversal of impairment loss on property, plant and equipment	**–**	31,185
Impairment loss on other intangible assets	**(487,807)**	(20,331)
Impairment loss on property, plant and equipment	**(144,550)**	(1,669)
Impairment loss on available-for-sale financial assets	**(33,327)**	(12,327)
Impairment loss on goodwill	**–**	(15,105)
Losses on extinguishment of financial liabilities	**–**	(43,026)
Losses on early redemption of convertible bonds	**(16,911)**	–
Fair value gains on derivative financial instruments	**62,896**	53,903
Fair value gains on investment properties	**3,067**	6,444
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(8,716)**	17,030
Net (losses)/gains on disposals of financial assets at fair value through profit or loss	**(4,454)**	3,632
Net gains on disposals of available-for-sale financial assets	**–**	10,170
Finance costs	**(216,468)**	(195,856)
Unallocated amounts	**(41,401)**	(66,939)
Consolidated loss before tax	**(1,009,071)**	(62,929)

10. Segment Information *(Continued)*

Geographical information:

	Revenue		Non-current assets	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC	**3,863,281**	3,708,070	**2,640,017**	2,358,764
Macau	**–**	–	**312,015**	312,001
Malaysia	**71,023**	77,369	**1,174,404**	1,841,983
Taiwan	**193,997**	285,454	**–**	–
Others	**351,519**	450,559	**126,908**	224,951
	4,479,820	4,521,452	**4,253,344**	4,737,699

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

	2018	2017
Mining and trading of iron ore and raw materials segment	**HK$'000**	HK$'000
Customer a	**905,140**	1,186,046
Customer b	**727,584**	404,475
Customer c	**388,432**	137,504

	2018	2017
Trading of clinker, cement and other building materials segment	**HK$'000**	HK$'000
Customer d	**179,073**	257,330

11. Finance Costs

	2018 HK$'000	2017 HK$'000
Finance lease charges	**41**	133
Interest on bank and other borrowings wholly repayable within 5 years	**147,485**	153,236
Interest on guaranteed notes	**18,724**	17,258
Interest on bonds	**11,110**	476
Effective interest expense on convertible bonds	**30,984**	24,607
Effective interest expense on a loan from a related party	**10,721**	8,992
	219,065	204,702
Less: Borrowing costs capitalised into properties under development for sale	**(2,597)**	(8,846)
	216,468	195,856

Borrowing costs were capitalised at rates ranging from 4.8%–12% (2017: 4.8%–12%) per annum for the year ended 31 March 2018.

12. Income Tax (Credit)/Expense

Income tax has been recognised in profit or loss as following:

	2018 HK$'000	2017 HK$'000
Hong Kong Profits Tax		
Provision for the year	**672**	2,417
Under/(over)-provision in prior years	**342**	(27)
	1,014	2,390
Overseas Profits Tax		
Provision for the year	**950**	931
Overprovision in prior years	**–**	(162)
	950	769
PRC Corporate Income Tax ("CIT")		
Provision for the year	**47,692**	39,832
Underprovision in prior years	**162**	–
	47,854	39,832
LAT		
Provision for the year	**14,102**	37,784
Deferred tax (note 35)	**(83,549)**	(15,822)
	(19,629)	64,953

12. Income Tax (Credit)/Expense *(Continued)*

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

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the companies operate, based on existing regulation, interpretation and practices in respect thereof.

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are liable to CIT at a rate of 25% (2017: 25%) during the year ended 31 March 2018.

Under the PRC Corporate Income Tax Law, dividends received by foreign investors from investment in foreign-invested enterprises in respect of their profits earned since 1 January 2008 are subject to withholding tax of 10% unless reduced by treaty. Accordingly, deferred tax has been recognised for undistributed retained profits of a PRC subsidiary at a rate of 10% to the extent that the profits will be distributed in the foreseeable future.

LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditure including lease charges of land use rights, borrowing costs and all property development expenditure.

Subsidiaries incorporated in Macau as offshore limited company are exempted from income tax in Macau under Decree Law No. 58/991M.

The reconciliation between income tax (credit)/expense and the product of loss before tax multiplied by the applicable tax rates in the jurisdictions concerned is as follows:

	2018 **HK$'000**	2017 HK$'000
Loss before tax	**(1,009,071)**	(62,929)
Tax at the applicable rates in the jurisdictions concerned	**(203,506)**	2,563
Tax effect of income that is not taxable	**(75,674)**	(120,776)
Tax effect of expenses that are not deductible	**208,824**	142,361
Tax effect of unrecognised temporary differences	**(193)**	1,280
Tax effect of tax losses not recognised	**72,195**	14,407
Tax effect of utilisation of tax losses not previously recognised	**(6,681)**	(5,539)
LAT	**14,102**	37,784
Tax effect on LAT deductible for calculation of income tax purpose	**(4,830)**	(9,446)
Others	**(24,370)**	14,160
Effect of change in tax rate	**–**	(11,652)
Under/(over)-provision in prior years	**504**	(189)
Income tax (credit)/expense	**(19,629)**	64,953

The weighted average applicable tax rate was 20% (2017: -4%). The increase is mainly caused by the deferred tax impact arose from impairment of other intangible assets during the year.

13. Loss for the Year

The Group's loss for the year is stated after charging/(crediting) the following:

	2018 HK$'000	2017 HK$'000
Allowance/(reversal of allowance) for inventories (included in cost of inventories sold)@	18,187	(83,695)
Allowance for uncollectible minimum lease payments receivable#	–	25,685
Allowance for other receivables#	25,243	–
Auditor's remuneration	3,742	3,350
Bad debts	298	192
Cost of inventories sold	4,038,269	4,056,877
Exchange losses, net	2,632	14,142
Reversal of impairment loss on:		
Property, plant and equipment#	–	(31,185)
Other intangible assets#	–	(97,215)
Impairment loss on:		
Property, plant and equipment#	144,550	1,669
Other intangible assets#	487,807	20,331
Available-for-sale financial assets#	33,327	12,327
Goodwill#	–	15,105
Losses on disposals of property, plant and equipment	239	5,956
Direct operating expenses of investment properties that generate rental income	21,050	13,390
Operating lease charges in respect of land and buildings	7,627	8,839

\# Included in other operating (expenses)/income.

@ Having regard to the increase in the market price of the iron ore, the allowance for inventories was reversed during the year ended 31 March 2017.

14. Employee Benefits Expense (Including Directors' Emoluments)

	2018 HK$'000	2017 HK$'000
Employee benefits expense:		
Salaries, bonuses and allowances	128,413	124,736
Retirement benefit scheme contributions	8,605	8,414
	137,018	133,150

14. Employee Benefits Expense (Including Directors' Emoluments) *(Continued)*

(a) Retirement benefit schemes

The Group operates several mandatory provident fund schemes (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries subject to a monthly maximum amount of contribution of HK$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contribution under the scheme.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2017: three) directors whose emoluments are reflected in the analysis presented in note 15 to these consolidated financial statements. The emoluments of the remaining three (2017: two) highest paid individuals are set out below:

	2018 **HK$'000**	2017 HK$'000
Salaries and allowances	**9,300**	7,405
Discretionary bonus	**2,245**	1,611
Retirement benefit scheme contributions	**422**	404
	11,967	9,420

The emoluments fell within the following bands:

	Number of individuals	
	2018	2017
HK$3,000,001 to HK$3,500,000	**1**	–
HK$4,000,001 to HK$4,500,000	**1**	–
HK$4,500,001 to HK$5,000,000	**1**	2

During the year, no emoluments were paid by the Group to any of the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

15. Benefits and Interests of Directors

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to the Listing Rules and the Hong Kong Companies Ordinance are as follows:

	2018 HK$'000	2017 HK$'000
Fees		
Independent non-executive directors	1,240	1,240
Other emoluments		
Executive directors		
— Basic salaries, allowances and benefits in kind	16,650	16,228
— Retirement benefit scheme contributions	639	676
Non-executive directors		
— Basic salaries, allowance and benefits in kind	789	812
— Retirement benefit scheme contributions	39	41
Independent non-executive directors		
— Retirement benefit scheme contributions	34	39
	19,391	19,036

The emoluments of each director for the years ended 31 March 2018 and 2017 are set out below:

	Fees HK$'000	Basic salaries, allowances and benefit in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Name of Director				
Mr. WONG Ben Koon	–	7,820	326	8,146
Dr. MAO Shuzhong	–	1,990	70	2,060
Ms. Gloria WONG	–	1,597	80	1,677
Mr. LI Zhimin (Note)	–	1,755	–	1,755
Mr. WANG Jiafu (Note)	–	608	30	638
Mr. KONG Siu Keung	–	2,880	133	3,013
Mr. LIU Yongshun	–	468	23	491
Mr. WU Likang	–	321	16	337
Mr. YUEN Kim Hung, Michael	280	–	14	294
Mr. YUNG Ho	280	–	–	280
Mr. CHAN Kai Nang	500	–	20	520
Mr. MA Jianwu	180	–	–	180
Total for 2018	1,240	17,439	712	19,391

Note: Appointed on 3 July 2017.

15. Benefits and Interests of Directors *(Continued)*

(a) Directors' emoluments *(Continued)*

	Fees HK$'000	Basic salaries, and allowances and benefit in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Name of Director				
Mr. WONG Ben Koon	–	9,352	391	9,743
Dr. MAO Shuzhong	–	2,160	72	2,232
Ms. Gloria WONG	–	1,730	80	1,810
Mr. KONG Siu Keung	–	2,986	133	3,119
Mr. LIU Yongshun	–	500	25	525
Mr. WU Likang	–	312	16	328
Mr. YUEN Kim Hung, Michael	280	–	14	294
Mr. YUNG Ho	280	–	–	280
Mr. CHAN Kai Nang	500	–	25	525
Mr. MA Jianwu	180	–	–	180
Total for 2017	1,240	17,040	756	19,036

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2017: Nil).

(b) Directors' material interests in transactions, arrangements and contracts

Save as disclosed in note 29(c) in relation to the acquisition of Indonesia Conch and its subsidiaries ("Indonesia Conch Group") and note 46 to these consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. Dividends

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

17. Loss Per Share

(a) Basic loss per share

The calculation of basic loss per share is based on (i) the loss for the year attributable to the owners of the Company of approximately HK$961,012,000 (2017: HK$119,733,000); and (ii) the weighted average number of ordinary shares of 12,023,345,967 (2017: 10,013,696,159) in issue during the year ended 31 March 2018.

(b) Diluted loss per share

The exercise of the Group's outstanding convertible bonds for the years ended 31 March 2017 and 2018 would be anti-dilutive.

There was no dilutive potential ordinary shares for the Company's share options during the years ended 31 March 2017 and 2018.

18. Property, Plant and Equipment

	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Buildings HK$'000	Mining infrastructure HK$'000	Total HK$'000
Cost									
At 1 April 2016	5,073	1,254	95,114	3,867	225,476	3,820	46,460	508,553	889,617
Transfer from finance lease receivables	–	–	–	32	14,375	–	88,274	–	102,681
Additions	–	686	335	684	122	–	–	8,936	10,763
Disposal and write off	–	–	(4,469)	(8)	(4,696)	–	–	(7,145)	(16,318)
Exchange differences	48	(47)	(497)	(178)	(1,302)	(294)	(1,266)	12,706	9,170
At 31 March 2017 and 1 April 2017	**5,121**	**1,893**	**90,483**	**4,397**	**233,975**	**3,526**	**133,468**	**523,050**	**995,913**
Acquisition of subsidiaries	**–**	**–**	**16**	**38**	**–**	**–**	**1,498**	**–**	**1,552**
Additions	**23**	**–**	**1,510**	**680**	**137**	**97,613**	**2,036**	**2,722**	**104,721**
Disposal and write off	**–**	**–**	**(1,591)**	**(8)**	**(1,438)**	**–**	**–**	**–**	**(3,037)**
Exchange differences	**89**	**117**	**1,020**	**341**	**1,492**	**4,820**	**2,369**	**–**	**10,248**
At 31 March 2018	**5,233**	**2,010**	**91,438**	**5,448**	**234,166**	**105,959**	**139,371**	**525,772**	**1,109,397**
Accumulated depreciation and impairment									
At 1 April 2016	4,219	325	47,156	2,351	104,601	1,465	5,631	212,949	378,697
Charge for the year	409	374	9,946	630	17,949	–	9,372	25,915	64,595
Disposal and write off	–	–	(2,557)	(8)	(2,506)	–	–	(2,558)	(7,629)
Reversal of impairment losses (note 21)	(24)	–	(1,660)	–	(5,456)	–	(63)	(23,982)	(31,185)
Impairment (note 21)	–	–	–	–	1,254	415	–	–	1,669
Exchange differences	49	(8)	(345)	(100)	(505)	–	(178)	2,980	1,893
At 31 March 2017 and 1 April 2017	**4,653**	**691**	**52,540**	**2,873**	**115,337**	**1,880**	**14,762**	**215,304**	**408,040**
Charge for the year	**272**	**506**	**8,747**	**738**	**33,476**	**–**	**83,550**	**21,963**	**149,252**
Disposal and write off	**–**	**–**	**(1,459)**	**(8)**	**(897)**	**–**	**–**	**–**	**(2,364)**
Impairment (note 21)	**44**	**–**	**7,961**	**–**	**27,453**	**693**	**304**	**108,095**	**144,550**
Exchange differences	**77**	**47**	**780**	**235**	**779**	**–**	**470**	**3,580**	**5,968**
At 31 March 2018	**5,046**	**1,244**	**68,569**	**3,838**	**176,148**	**2,573**	**99,086**	**348,942**	**705,446**
Carrying amount									
At 31 March 2018	**187**	**766**	**22,869**	**1,610**	**58,018**	**103,386**	**40,285**	**176,830**	**403,951**
At 31 March 2017	468	1,202	37,943	1,524	118,638	1,646	118,706	307,746	587,873

At 31 March 2018, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings amounted to approximately HK$286,866,000 (2017: HK$439,460,000) (notes 32 and 44).

At 31 March 2018, the carrying amount of motor vehicles held by the Group under finance leases amounted to approximately HK$1,543,000 (2017: HK$1,824,000).

19. Investment Properties

	2018 HK$'000	2017 HK$'000
At beginning of year	**2,218,307**	2,280,535
Acquisition of a subsidiary	**–**	15,162
Additions	**–**	20,887
Fair value gains	**3,067**	6,444
Exchange differences	**186,906**	(104,721)
At end of year	**2,408,280**	2,218,307

(a) The fair values of the Group's investment properties as at 31 March 2018 and 31 March 2017 have been arrived at on the basis of valuations carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer. The valuations of investment properties have been arrived at adopting direct comparison approach with reference to comparable sale transactions for similar properties in the same location and condition or calculated using income capitalisation approach by reference to net rental income allowing for reversionary income potential.

(b) At 31 March 2018, investment properties with carrying amount of approximately HK$2,391,905,000 (2017: HK$2,203,145,000) were pledged as security for the Group's bank borrowings (notes 32 and 44) and loan facilities granted to a non-controlling shareholder of a subsidiary and its subsidiary (note 43(b)).

20. Goodwill

	2018 HK$'000	2017 HK$'000
Cost		
At beginning and at end of year	**73,611**	73,611
Accumulated impairment		
At beginning of year	**73,611**	58,506
Impairment	**–**	15,105
At end of year	**73,611**	73,611
Carrying amount		
At 31 March	**–**	–

20. Goodwill *(Continued)*

Goodwill acquired in a business combination is allocated, at acquisition, to the CGU that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	At beginning of year HK$'000	**Impairment** HK$'000	**At end of year** HK$'000
Mining and trading of iron ore and raw materials segment			
2017			
Prosperity Materials Macao Commercial Offshore Limited ("MCO")	15,105	(15,105)	–

At 31 March 2017, before impairment testing, goodwill of HK$15,105,000 was allocated to MCO within the mining and trading of iron ore and raw materials segment. Due to further decline in gross margin from trading of iron ore, further impairment of approximately HK$15,105,000 was recognised during the year ended 31 March 2017 and the goodwill was fully impaired at 31 March 2017.

At 31 March 2017, the recoverable amount of the CGU of approximately HK$312,000,000 was determined based on value in use, being estimated future cash flows of the trading of iron ore operation of MCO discounted to their present value using a pre-tax discount rate of 17.4%. The key assumptions for the value in use determination are those regarding the discount rates, growth rates and budgeted gross margin and revenue during the period. The Group estimated discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates were based on the long-term average economic growth rate of the geographical area in which the business of the CGU operated. Budgeted gross margin and revenue were based on past experience and expectations on market development.

The Group prepared cash flow forecasts derived from the most recent financial budgets approved by the directors. The cash flow forecasts of MCO covered a period of five years and with the residual period using the growth rate of 0%. This rate did not exceed the average long-term growth rate for the relevant markets.

21. Other Intangible Assets

	Mining rights HK$'000
Cost	
At 1 April 2016	2,538,009
Exchange differences	2,980
At 31 March 2017 and 1 April 2017	**2,540,989**
Exchange differences	**(1,720)**
At 31 March 2018	**2,539,269**
Accumulated amortisation and impairment	
At 1 April 2016	1,004,528
Reversal of impairment losses	(97,215)
Impairment	20,331
Exchange differences	1,224
At 31 March 2017 and 1 April 2017	**928,868**
Impairment	**487,807**
Exchange differences	**(225)**
At 31 March 2018	**1,416,450**
Carrying amount	
At 31 March 2018	**1,122,819**
At 31 March 2017	1,612,121

At 31 March 2018, the mining rights represents the mining permits of iron ore mining sites located in Malaysia and Brazil, and the mining permits of granite mining sites located in the PRC of approximately HK$925,140,000 (2017: HK$1,345,744,000), HK$124,130,000 (2017: HK$152,225,000) and HK$73,549,000 (2017: HK$114,152,000) respectively.

Mining rights are amortised using the unit of production method based on the actual production volume over the estimated total probable reserves within the terms of license. In the opinion of directors, the cost for the extension of the mining period for the mining rights is considered to be minimal.

At 31 March 2018, mining rights with carrying amount of approximately HK$925,140,000 (2017: HK$1,345,744,000) were pledged as security for the Group's bank borrowings (notes 32 and 44).

21. Other Intangible Assets *(Continued)*

Impairment review of iron ore mining operation

Having regard to the revision of the production plan of the iron ore of Malaysia's iron ore mining operation and inflation in operating costs after reassessing the resumption plan of the iron ore mining operation in Malaysia, the Group carried out an impairment review of the iron ore mining and trading operations of Billion Win Capital Limited ("Billion Win") which is considered as a CGU of the iron ore mining operation in Malaysia, including other intangible assets and property, plant and equipment, by comparing the carrying amount with its recoverable amount by reference to the valuation report prepared by Roma Appraisals Limited ("Roma"), an independent professional valuer. As the result, impairment losses of approximately HK$420,604,000 (2017: reversal of impairment losses of approximately HK$58,258,000) and HK$114,037,000 (2017: reversal of impairment losses of approximately HK$21,532,000) for other intangible assets and property, plant and equipment, respectively, were recognised in profit or loss during the year ended 31 March 2018.

The recoverable amount of the CGU of approximately HK$1,260,480,000 (2017: HK$1,942,200,000) has been determined based on value in use, being estimated future cash flows of the mining operation of Billion Win, which were prepared with reference to the report prepared by Blackstone Mining Associates Limited as disclosed in the circular of the Company dated 30 August 2014 and updated with the latest mining plan of the mine in Malaysia which has a mine life of approximately 19 years, discounted to their present value using a pre-tax discount rate of 17.88% (2017: 19.64%).

In addition, the Group carried out an impairment review for the iron ore mining and trading operations of United Goalink Limited ("UGL") which is considered as a CGU of the iron ore operation in Brazil, including other intangible assets and property, plant and equipment, by comparing carrying amount with its recoverable amount by reference to the valuation report prepared by Roma. As the result, impairment losses of approximately HK$26,600,000 (2017: reversal of impairment losses of approximately HK$38,957,000) and HK$28,116,000 (2017: reversal of impairment losses of approximately HK$9,653,000) for other intangible assets and property, plant and equipment respectively, were recognised in profit or loss during the year ended 31 March 2018.

The recoverable amount of the CGU of approximately HK$12,605,000 (2017: HK$78,00,000) has been determined based on the fair value less cost of disposal using the market-based approach calculated based on the average price-to-sales ratio of several companies listed on the stock exchange of Brazil after considering a 15.9% discount on lack of marketability and a 26.0% controlling premium (2017: value in use, being estimated future cash flows of the mining operation of UGL, which were prepared with reference to the mining plan covering the expected life of the operation up to 2026, discounted to their present value using a pre-tax discount rate of 18.93%).

The key assumptions for the impairment test of Billion Win include the iron ore prices, operating costs, as well as the inflation rate over the expected life of the mines. Selling prices for iron ore and forecast inflation rates were based on external sources and adjustments were made for the expected quality of the forecast production.

Management has estimated the long-term forecast selling prices for iron ore with reference to the market consensus on forecast price of 62% grade iron ore ("the Forecasted Price") from 2018 to 2022 from Bloomberg, and inflation rate of 2.98%, which was sourced from International Monetary Fund ("IMF") was applied to selling price thereafter to the end of expect life of the mines.

21. Other Intangible Assets *(Continued)*

Impairment review of iron ore mining operation *(Continued)*

As for the operating costs, the management of the Company has made its estimation based on the latest operation condition of both iron ore mines, and applying the long term inflation rate of relevant countries, which was sourced from IMF, from 2019 to the end of expect life of the mines.

Impairment review of granite mining operation

At 31 March 2018, having regard to the change in production plan of granite products during the year, the Group carried out an impairment review of granite mining operation which is considered as a CGU, including other intangible assets and property, plant and equipment, by comparing carrying amount with its recoverable amount by reference to the valuation report prepared by Roma. As the result, impairment losses of approximately HK$40,603,000 (2017: HK$20,331,000) and HK$2,397,000 (2017: HK$1,669,000) for other intangible assets and property, plant and equipment respectively, were recognised in profit or loss during the year ended 31 March 2018.

The recoverable amount of the granite mining operation of approximately HK$82,563,000 (2017: HK$129,472,000) has been determined based on the value in use, being estimated future cash flows of the granite mining operation , which were prepared with reference to the mining plan covering the expected life of the operation up to 2035, discounted to their present value using a pre-tax discount rate of 14.88% (2017: 18.24%).

The key assumptions for the impairment test include the production plan of granite products as well as the inflation rates over the expected life of the mine. Management has estimated the long term forecast production plan for granite products with reference to the management expectation on the market performance, and inflation rate of 2.98% was applied from 2019 to the end of expect life of the mine. The inflation rate, which was sourced from IMF, represented long term inflation rate of the PRC where the ultimate customers located.

22. Available-For-Sale Financial Assets

	2018 HK$'000	2017 HK$'000
Listed equity securities in Hong Kong, at fair value	370,785	267,087
Listed equity securities outside Hong Kong, at fair value	14,081	17,130
Unlisted equity securities, at fair value (note)	405,880	82,135
	790,746	366,352
Analysed as:		
Current assets	434,746	293,176
Non-current assets	356,000	73,176
	790,746	366,352

Available-for-sale financial assets are denominated in the following currencies:

	2018 HK$'000	2017 HK$'000
HK$	766,634	340,262
US$	16,438	18,671
Canadian dollar ("CAD")	7,674	7,419
	790,746	366,352

The fair values of listed equity securities are based on quoted closing price at the end of the reporting period.

Note:

Included in unlisted equity securities are amounts of approximately:

(i) HK$10,031,000 (2017: HK$8,959,000) representing investments in funds of which the investment portfolio mainly comprise of listed equity securities. The fair values of unlisted equity securities are based on prices quoted by the financial institutions or fund administrators.

(ii) HK$395,849,000 (2017: HK$73,176,000) representing investments in unlisted equity securities. The Group establishes fair value by using valuation techniques. These include the use of market comparable approach, asset-based approach and income capitalisation approach, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

At 31 March 2018, listed equity securities with an aggregate carrying amount of HK$336,054,000 (2017: HK$241,038,000) have been pledged as security for the Group's margin loan (note 37(b)(ii)) and unlisted equity securities with an aggregate carrying amount of HK$39,849,000 (2017: HK$73,176,000) have been pledged as security for the Group's other borrowing (note 39).

23. Financial Assets at Fair Value through Profit or Loss

	2018 HK$'000	2017 HK$'000
Derivative financial assets	**74,968**	19,360
Financial assets held for trading (note)		
Listed equity securities in Hong Kong, at fair value	**17,601**	31,699
	92,569	51,059
Analysed as:		
Current assets	**92,569**	31,699
Non-current assets	**–**	19,360
	92,569	51,059

Note: The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair values of listed equity securities are based on quoted closing price at the end of the reporting period.

24. Non-Current Prepayments and Other Receivables

	2018 HK$'000	2017 HK$'000
Prepayments		
Purchase of iron ore (note)	**312,000**	312,000
Property, plant and equipment	**5,008**	4,580
Leases	**1,286**	1,601
Others	**–**	1,217
	318,294	319,398

Note: As at 31 March 2018, the Group has entered into an off-take agreement with an iron ore supplier with respect to the balance of prepayments, which are expected to be recovered or recognised as expense after one year.

25. Inventories

	2018 HK$'000	2017 HK$'000
Properties under development for sale	**1,567,031**	1,491,910
Properties held for sale	**1,105,766**	953,781
Raw iron ore	**7,105**	7,522
Processed iron ore	**84,016**	101,316
Granite products	**19,183**	2,661
	2,783,101	2,557,190

At 31 March 2018, inventories with carrying amount of HK$709,738,000 (2017: HK$717,792,000) were pledged as security for the Group's bank borrowings (note 32 and 44) and loan facilities granted to a non-controlling shareholder of a subsidiary and its subsidiary (note 43(b)).

The carrying amount of inventories expected to be recovered after more than twelve months from 31 March 2018 amounted to HK$1,567,031,000 (2017: HK$1,491,910,000).

For the year ended 31 March 2018, depreciation of property, plant and equipment of approximately HK$235,000 (2017: HK$20,000) are capitalised as inventories.

26. Trade and Bills Receivables

In relation to the trading of clinker, cement and other building materials and iron ore and raw materials, the Group receives from each customer an irrevocable documentary credit issued at sight by a bank undertaking payment to the Group upon the presentation of relevant documents as required by the issuing bank. The Group's credit terms generally range from 0 to 90 (2017: 0 to 90) days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The ageing analysis of trade and bills receivables, based on the goods delivery date, and net of allowance, is as follows:

	2018 HK$'000	2017 HK$'000
0 to 90 days	**40,266**	359,237
91 to 180 days	**65,044**	139,321
181 to 365 days	**54,016**	1,721
Over 1 year	**34,677**	23,235
	194,003	523,514

As at 31 March 2018, an allowance was made for estimated irrecoverable trade and bills receivables of approximately HK$4,957,000 (2017: HK$4,280,000).

26. Trade and Bills Receivables *(Continued)*

Reconciliation of allowance for trade and bills receivables:

	2018 HK$'000	2017 HK$'000
At beginning of year	**4,280**	4,636
Exchange differences	**677**	(356)
At end of year	**4,957**	4,280

As at 31 March 2018, trade receivables of HK$154,093,000 (2017: HK$166,974,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2018 HK$'000	2017 HK$'000
0 to 90 days	**10,254**	2,697
91 to 180 days	**55,994**	139,321
Over 180 days	**87,845**	24,956
	154,093	166,974

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2018 HK$'000	2017 HK$'000
US$	**144,684**	451,842
RMB	**44,717**	68,133
Malaysian Ringgit ("MYR")	**4,602**	3,539
	194,003	523,514

27. Prepayments, Deposits and Other Receivables

	2018 HK$'000	2017 HK$'000
Prepayments		
Other taxes (note (a))	**38,664**	34,269
Iron ore	**60,561**	30,879
Building materials	**46,291**	38,528
Others	**29,764**	47,893
	175,280	151,569
Other deposits	**2,277**	21,589
Consideration receivable (note (b))	**–**	346,750
Other receivables (note (c))	**139,251**	91,289
Loan receivables (note (d))	**105,606**	39,751
	422,414	650,948

As at 31 March 2018, an allowance was made for estimated irrecoverable loan and other receivables of approximately HK$195,660,000 (2017: HK$169,166,000).

Reconciliation of allowance for loan and other receivables:

	2018 HK$'000	2017 HK$'000
At beginning of year	**169,166**	169,166
Allowance for the year	**25,243**	–
Exchange differences	**1,251**	–
At end of year	**195,660**	169,166

Notes:

(a) Included in prepaid other taxes are amounts of approximately:

(i) HK$23,047,000 (2017: HK$17,774,000) representing taxes paid in relation to the sales proceeds received from purchasers in connection with the Group's pre-sales of properties.

(ii) HK$15,617,000 (2017: HK$16,495,000) representing tax credit on the social contribution and value-added tax paid in relation to purchase of raw materials and property, plant and equipment in connection with the mining of iron ore.

(b) On 30 September 2015, the Group entered into an equity transfer agreement and a supplemental agreement (the "Agreements") to dispose of its interest in Changtai Jinhongbang Property Development Co., Ltd.* ("Changtai"), through disposal of 100% equity interest (the "Sale Shares") in the immediate holding company, Escrow Limited ("Escrow"), and the loans provided by the Group to Changtai (the "Shareholder's Loan") to Xiamen Dangdai Investment Group Company Limited* (the "Purchaser"). The payment obligation of the Purchaser under the Agreements was secured by 30% equity interest in Xiamen Xindonglian Property Development Company Limited* (the "XDL Equity Pledge") and personal guarantee from Mr. Wang Chunfang, the legal representative of the Purchaser. The aggregate cash consideration is approximately RMB330,541,000 (equivalent to approximately HK$403,300,000) (the "Principal Amount"), with interests accrued on the Principal Amount calculated at a rate of 8% per annum accrued up to the last day by the end of the second anniversary after the date of completion of the registration of the XDL Equity Pledge or after the 26th business days upon the signing of the Agreements, whichever is earlier (the "Second Anniversary").

* The English translation of the company's name is for reference only. The official name of the company is in Chinese.

27. Prepayments, Deposits and Other Receivables *(Continued)*

Notes: *(Continued)*

(b) *(Continued)*

The consideration in relation to the disposal of the Sale Shares and the Shareholder's Loan was satisfied in cash in the following manner:

(i) 30% of the consideration, being RMB99,162,300 (equivalent to approximately HK$121,000,000) with interests accrued after the date of completion of the registration of the XDL Equity Pledge or after the 26th business days upon the signing of the equity transfer agreement, whichever is earlier (the "First Anniversary"), shall be payable by the Purchaser by the end of the First Anniversary; and

(ii) 70% of the consideration, being RMB231,378,700 (equivalent to approximately HK$282,300,000) with interests, shall be payable by the Purchaser by the end of the Second Anniversary.

The consideration receivable was recognised initially at fair value which was determined by using the discounted cash flow method with a discount rate of 13.28% that reflected the Purchaser's credit rating. The fair value was within level 3 of the fair value hierarchy.

As at 31 March 2017, included in consideration receivable of approximately HK$56,786,000 was pledged as security for the Group's other borrowings amounts to HK$150,000,000 (note 39).

The consideration receivable was fully settled during the year.

(c) Included in other receivables are amounts of approximately:

(i) HK$8,673,000 (2017: HK$6,554,000) representing the interests accrued in respect of the loan receivables.

(ii) HK$24,030,000 (2017: HK$19,308,000) representing the security for the Group's other borrowings amounts to HK$23,000,000 (2017: HK$120,000,000) (note 39).

(d) Included in loan receivables are amounts of approximately:

(i) HK$Nil (2017: HK$17,036,000) made to a non-controlling shareholder of a subsidiary and its subsidiary, which are unsecured, interest-bearing at 10% (2017: 10%) per annum and repayable within one year.

(ii) HK$12,342,000 (2017: HK$12,342,000) made to business associates that are unsecured, interest-free and repayable within one year. As at 31 March 2018, an allowance was made for estimated irrecoverable loan receivable of approximately HK$12,342,000 (2017: HK$12,342,000).

(iii) HK$121,206,000 (2017: HK$15,600,000) made to third parties that are unsecured, interest-bearing at 8%–10% per annum and repayable within one year. As at 31 March 2018, an allowance was made for estimated irrecoverable loan receivables of approximately HK$15,600,000 (2017: HK$15,600,000).

(iv) HK$Nil (2017: HK$22,715,000) made to a third party that is unsecured, interest-bearing at 20% per annum and repayable within one year.

28. Pledged Deposits and Bank and Cash Balances

The pledged deposits and bank and cash balances of approximately HK$576,914,000 (2017: HK$361,765,000) carries floating interest rate thus expose the Group to cash flow interest rate risk.

Pledged deposits mainly represent the deposits placed in banks to secure letters of credit facilities granted to the Group (note 44).

In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, a subsidiary of the Group is required to place certain amount of its presale proceeds of properties at designated bank accounts as guarantee deposits for construction of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the properties when approval from the local State-Owned Land and Resource Bureau is obtained. As at 31 March 2018, guarantee deposits of approximately HK$72,894,000 (2017: HK$59,689,000) was included in bank and cash balances. The balance of the deposits will be released gradually after completion of the properties, delivery of the properties and issuance of the properties ownership certificates of the properties.

As at 31 March 2018, included in pledged deposits and bank and cash balances is an amount of approximately HK$534,059,000 (2017: HK$265,672,000) denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

29. Share Capital and Treasury Shares

	Share Capital		Treasury Shares	
	Number of shares	**Amount** HK$'000	**Number of shares**	**Amount** HK$'000
Authorised:				
Ordinary shares of HK$0.01 each				
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	20,000,000,000	200,000	–	–
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At 1 April 2016	9,795,613,967	97,956	–	–
Issue of new shares upon share placements (note a)	400,000,000	4,000	–	–
At 31 March 2017 and 1 April 2017	10,195,613,967	101,956	–	–
Issue of new shares upon share placements (note b)	227,272,727	2,273	–	–
Issue of new shares for acquisition of available-for-sale financial assets (note c)	2,333,333,333	23,334	–	–
Purchase of treasury shares (note d)	–	–	(10,600,000)	(907)
Cancellation of treasury shares (note d)	(10,060,000)	(101)	10,600,000	907
At 31 March 2018	12,746,160,027	127,462	–	–

29. Share Capital and Treasury Shares *(Continued)*

Notes:

(a) On 7 September 2016, the Company and Enhanced Securities Limited entered into a placing agreement in respect of the placement of 400,000,000 ordinary shares of HK$0.01 each to not less than six independent individuals, institutional or professional investors at a price of HK$0.168 per placing share. The placement was completed on 14 September 2016 and the premium on the issue of shares of approximately HK$61,184,000, net of share issue expenses of approximately HK$2,016,000, was credited to the Company's share premium accounts.

(b) On 9 June 2017, the Company and SMI Holdings Group Limited entered into a subscription agreement and subsequently amended by a deed of amendment on 13 June 2017 in respect of the issuance of 1,959,122,793 new ordinary shares of the Company in two tranches at the price of HK$0.11 per subscription share. As of the date of this report, the Company has issued 227,272,727 shares and the premium on the issue of shares of approximately HK$22,727,000 was credited to the Company's share premium accounts.

(c) On 26 October 2016, the Company, Full Right Asia Limited ("Full Right") as purchasers, and Prosperity Materials (International) Limited ("PMIL"), a related company of which a director, Mr. Wong Ben Koon had beneficial interest as vendor entered into a sale and purchase agreement (as amended by the supplemental agreement dated 28 April 2017, the second supplemental agreement dated 31 May 2017 and the third supplemental agreement dated 27 June 2017) (the "Amended Sale and Purchase Agreement") in respect of the acquisition of 25% issued share capital of Indonesia Conch for the consideration of HK$450,000,000, of which HK$350,000,000 of the consideration shall be satisfied by the Company by way of the allotment and issue of the 2,333,333,333 ordinary shares of the Company ("Consideration Shares") to PMIL. As at 14 July 2017, the acquisition has been completed and a total of 2,333,333,333 Consideration Shares have been allotted and issued in accordance with the terms of the Amended Sale and Purchase Agreement.

(d) Purchase and cancellation of treasury shares

The Company repurchased 10,060,000 shares of the Company on the Stock Exchange (the "Repurchases") and subsequently cancelled during the year ended 31 March 2018. The total consideration (including transaction costs) of the Repurchases were HK$907,033. Particulars of the Repurchases are as follows:

Month	Number of shares repurchased	Purchase price per share Highest HK$	Purchase price per share Lowest HK$	Aggregate consideration HK$
Aug 2017	4,460,000	0.096	0.091	423,072
Sep 2017	3,800,000	0.091	0.086	337,321
Dec 2017	1,800,000	0.082	0.080	146,640
	10,060,000			907,033

29. Share Capital and Treasury Shares *(Continued)*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

During the year ended 31 March 2018, the Group's strategy, which was unchanged from 2017, was to maintain a capital structure with a lowest weighted average cost of capital. The debt-to-equity ratio, which represented total debts (including bank and other borrowings, finance lease payables, convertible bonds, guaranteed notes and bonds) over shareholders' equity, at 31 March 2018 and at 31 March 2017 were 138% and 107%, respectively.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

The Group receives a report from the share registrars weekly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 March 2018, 35% (2017: 45%) of the shares were in public hands.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 March 2018 and 2017.

30. Statement of Financial Position and Reserve Movements of the Company

(a) Statement of financial position of the Company

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**31**	15
Investments in subsidiaries		**2,418,458**	2,363,719
		2,418,489	2,363,734
Current assets			
Financial assets at fair value through profit or loss		**17,601**	31,699
Prepayments, deposits and other receivables		**2,685**	3,739
Bank balances		**1,248**	3,195
		21,534	38,633
TOTAL ASSETS		**2,440,023**	2,402,367
Capital and reserves			
Share capital	29	**127,462**	101,956
Reserves	30(b)	**1,134,405**	1,412,854
Total equity		**1,261,867**	1,514,810
Non-current liabilities			
Convertible bonds	38	**–**	156,537
Guaranteed notes	40	**–**	166,932
Bonds	40	**126,000**	72,000
		126,000	395,469
Current liabilities			
Other payables		**122,436**	9,292
Derivative financial liabilities		**–**	7,288
Other borrowings		**281,480**	302,750
Current portion of convertible bonds	38	**176,827**	–
Current portion of guarantee notes	40	**177,790**	–
Current portion of bonds	40	**72,000**	–
Financial guarantees		**221,623**	172,758
		1,052,156	492,088
Total liabilities		**1,178,156**	887,557
TOTAL EQUITY AND LIABILITIES		**2,440,023**	2,402,367
Net current liabilities		**(1,030,622)**	(453,455)
Total assets less current liabilities		**1,387,867**	1,910,279

Approved by the Board of Directors on 29 June 2018 and is signed on its behalf by:

Wong Ben Koon
Chairman and Executive Director

Kong Siu Keung
Executive Director

30. Statement of Financial Position and Reserve Movements of the Company *(Continued)*

(b) Reserve movements of the Company

	Share premium HK$'000	Treasury shares HK$'000	Contributed surplus HK$'000	Share-based payment reserve HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	1,936,337	–	872,101	13,010	–	(1,403,408)	1,418,040
Total comprehensive income for the year	–	–	–	–	–	(66,370)	(66,370)
Issue of new shares upon share placements (note 29(a))	61,184	–	–	–	–	–	61,184
Transfer of reserve upon lapse of share options	–	–	–	(410)	–	410	–
Changes in equity for the year	61,184	–	–	(410)	–	(65,960)	(5,186)
At 31 March 2017 and 1 April 2017	1,997,521	–	872,101	12,600	–	(1,469,368)	1,412,854
Total comprehensive income for the year	–	–	–	–	–	(550,249)	(550,249)
Issue of new shares upon share placements (note 29(b))	22,727	–	–	–	–	–	22,727
Acquisition of available-for-sale financial assets (note 29(c))	240,333	–	–	–	9,546	–	249,879
Purchase of treasury shares (note 29(d))	–	(907)	–	–	–	–	(907)
Cancellation of treasury shares (note 29(d))	(806)	907	–	–	–	–	101
Transfer of reserve upon lapse of share options	–	–	–	(513)	–	513	–
Redemption of convertible bonds	–	–	–	–	(9,546)	9,546	–
Changes in equity for the year	262,254	–	–	(513)	–	(540,190)	(278,449)
At 31 March 2018	**2,259,775**	**–**	**872,101**	**12,087**	**–**	**(2,009,558)**	**1,134,405**

31. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

31. Reserves *(Continued)*

(b) Nature and purpose of reserves

(i) Share premium

The application of the share premium is governed by the Companies Act of Bermuda.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

The reserve is dealt with in accordance with the accounting policies set out in note 4(c)(iii) to these consolidated financial statements.

(iii) Contributed surplus

The contributed surplus of the Group comprises (a) an amount arose as a result of the Group reorganisation implemented in preparation for the listing of the Company's shares in 2001 and represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired under the reorganisation scheme, over the nominal value of the share capital of the Company issued in exchange therefore; and (b) the net of credit arising from capital reduction of HK$1,000,000,000 transferred from share premium account and dividend paid.

(iv) Merger reserve

The excess of the consolidated net assets represented by the shares in subsidiaries acquired over the nominal value of the shares issued by Prosperity Minerals Holdings Limited ("PMHL") in exchange under the combination was transferred to merger reserve.

(v) Share-based payment reserve

The fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 4(w) to these consolidated financial statements.

(vi) Investment reserve

The investment reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(k)(iii) to these consolidated financial statements.

(vii) Capital reserve

The capital reserve comprises the difference in carrying amount of term loan from a related company and the present value of revised estimated future cash flows computed at the term loan's original effective interest rate.

(viii) Convertible bonds reserve

The convertible bonds reserve represents the value of the unexercised equity component of convertible bond issued by the Company recognised in accordance with the accounting policy adopted for convertible bond in note 4(p) to these consolidated financial statements.

(ix) Other reserve

The other reserve, which is non-distributable, is appropriated from the profit after tax of a Macau subsidiary and a PRC subsidiary of the Group under the Macao Commercial Code and applicable laws and regulations in the PRC, respectively.

32. Bank Borrowings

	2018 HK$'000	2017 HK$'000
Secured		
Bank loans	**1,383,198**	1,166,786
Trust receipt loans	**326,259**	523,670
Invoices financing	**86,600**	116,909
Unsecured		
Bank overdraft	**731**	–
	1,796,788	1,807,365

The bank borrowings are repayable as follows:

	2018 HK$'000	2017 HK$'000
On demand or within one year	**1,147,005**	1,067,973
In the second year	**616,017**	265,020
In the third to fifth years, inclusive	**33,766**	474,372
	1,796,788	1,807,365
Less: Amount due for settlement within 12 months	**(1,147,005)**	(1,067,973)
Amount due for settlement after one year which contain a repayment on demand clause	**(75,835)**	(177,626)
Amount due for settlement after 12 months	**573,948**	561,766

None of the amount of bank borrowings due for settlement after one year which contain a repayment on demand clause that is classified as a current liability is expected to be settled within one year.

As at 31 March 2018, the weighted average effective interest rate for the Group's trust receipt loans and invoices financing of approximately HK$326,259,000 and HK$86,600,000 are 4.4% (2017: 3.6%) and 3.4% (2017: 2.8%) respectively, and carry effective interest rates ranging from 2.2% to 4.9% (2017: 2.5% to 4.3%) and 3.2% to 4.0% (2017: 2.8%), respectively. All of the trust receipt loans and invoices financing are denominated in US$.

For the bank loans of the Group, the weighted average effective interest rate is 4.8% (2017:4.6%). Out of the total bank loans of approximately HK$1,383,198,000 (2017: HK$1,166,786,000), approximately HK$268,105,000, HK$956,581,000 and HK$157,449,000 (2017: HK$325,826,000, HK$724,382,000 and HK$116,578,000) are denominated in US$, HK$ and RMB respectively, and carry effective interest rates ranging from 4.6% to 6.2%, 2.8% to 4.8% and 5.2% to 9.0% (2017: 4.6% to 6.2%, 2.2% to 4.4% and 5.2% to 9.0%), respectively. The remaining balance of approximately HK$1,063,000 (2017: HK$Nil) is denominated in Indonesia Ripiah with effective interest rate of 35.0% (2017: Nil).

All the bank overdraft of the Group is denominated in US$.

32. Bank Borrowings *(Continued)*

Bank borrowings of approximately HK$158,179,000 (2017: HK$158,542,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

Bank borrowings of approximately HK$1,638,609,000 (2017: HK$1,648,823,000) are arranged at floating interest rates, thus exposing the Group to cash flow interest rate risk.

Certain of the bank borrowings are subject to the fulfillment of covenants set out in the banking facility letters entered into by the Group with several bank institutions. If the covenants are breached, the bank borrowings will become payable on demand.

33. Finance Lease Payables

	Minimum lease payments		**Present value of minimum lease payments**	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Within one year	**286**	1,023	**255**	914
In the second to fifth years, inclusive	**14**	290	**14**	235
	300	1,313	**269**	1,149
Less: Future finance charges	**(31)**	(164)	**N/A**	N/A
Present value of lease obligations	**269**	1,149	**269**	1,149
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(255)**	(914)
Amount due for settlement after 12 months			**14**	235

It is the Group's policy to lease certain of its motor vehicles under finance leases. The lease term is 3–5 years (2017: 3–5 years). At 31 March 2018, the effective borrowing rate was 2.65%–2.85% (2017: 2.65%–2.85%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the motor vehicles at nominal prices. All finance lease payables are denominated in US$ and are secured by the lessors' title to the leased assets.

34. Other Loans and Payables

	2018 HK$'000	2017 HK$'000
Due to related companies (note (a))	**60,734**	60,743
Term loan from a related company (note (b))	**266,364**	255,643
	327,098	316,386

Notes:

(a) Due to related companies are unsecured, interest-free and repayable on 30 April 2019 (2017: 30 April 2018).

(b) The term loan from a related company is unsecured, interest-bearing at 4% per annum and repayable on 9 October 2020. The term loan initially matured on 9 October 2017, with an option of the Group to extend the maturity for a further three years. During the year ended 31 March 2017, the Group exercised the option and the term loan was extended for further three years, maturing on 9 October 2020. The difference between the carrying amounts of the term loan before the extension and the present value of revised estimated future cash flows computed at the term loan's original effective interest rate of 4% per annum, of approximately HK$2,019,000 was credited to equity as capital reserve during the year ended 31 March 2017.

35. Deferred Tax

The following are the major deferred tax liabilities and assets recognised by the Group:

	Revaluation of properties under development for sale HK$'000	Depreciation charges in excess of related depreciation allowance HK$'000	Revaluation of investment properties HK$'000	Temporary difference on LAT HK$'000	Tax losses HK$'000	Fair value difference of other intangible assets HK$'000	Others HK$'000	Total HK$'000
At 1 April 2016	65,457	(6,207)	308,888	(89,363)	(29,866)	345,238	2,977	597,124
(Credited)/charged to profit or loss for the year (note 12)	(16,403)	(10,312)	1,596	(5,611)	11,467	2,544	897	(15,822)
Exchange differences	(7,621)	–	(9,190)	4,226	334	–	(158)	(12,409)
At 31 March 2017 and 1 April 2017	41,433	(16,519)	301,294	(90,748)	(18,065)	347,782	3,716	568,893
(Credited)/charged to profit or loss for the year (note 12)	**(2,825)**	**16,677**	**650**	**972**	**18,065**	**(116,842)**	**(246)**	**(83,549)**
Exchange differences	**12,661**	**–**	**16,360**	**(7,664)**	**–**	**–**	**155**	**21,512**
At 31 March 2018	**51,269**	**158**	**318,304**	**(97,440)**	**–**	**230,940**	**3,625**	**506,856**

35. Deferred Tax *(Continued)*

The following is the analysis of the deferred tax balances (after offset) for the consolidated statement of financial position purposes:

	2018 HK$'000	2017 HK$'000
Deferred tax liabilities	**605,749**	694,559
Deferred tax assets	**(98,893)**	(125,666)
	506,856	568,893

At the end of the reporting period, the Group has unused tax losses of approximately HK$209,235,000 (2017: HK$293,215,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$Nil (2017: HK$75,271,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$209,235,000 (2017: HK$217,944,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$72,405,000 (2017: HK$72,639,000) that will expire within five years. Other tax losses do not expire under the current tax legislation.

36. Trade and Bills Payables

The ageing analysis of trade and bills payables, based on the date of receipt of goods and the payment due date, is as follows:

	2018 HK$'000	2017 HK$'000
Not yet due	**344,928**	291,422
Due within 3 months or on demand	**68,316**	316,078
Due after 3 months	**110,416**	104,719
	523,660	712,219

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2018 HK$'000	2017 HK$'000
US$	**99,180**	345,803
RMB	**410,341**	352,944
MYR	**14,139**	13,472
	523,660	712,219

37. Other Payables and Deposits Received

	2018 HK$'000	2017 HK$'000
Accrued expenses	**60,637**	56,528
Due to related companies (note (a))	**80,506**	53,489
Other payables (note (b))	**454,165**	446,975
Receipts in advance (note (c))	**589,335**	786,504
Rental deposits received	**15,379**	9,348
Advances from third parties (note (d))	**150,000**	–
	1,350,022	1,352,844

Notes:

(a) Due to related companies of approximately HK$80,506,000 (2017: HK$36,453,000) is unsecured, interest-free and repayable on demand. As at 31 March 2017, approximately HK$17,036,000 was unsecured, interest-bearing at 10% per annum and was repayable in January 2018.

(b) Included in other payables are amounts of approximately:

(i) HK$91,523,000 (2017: HK$109,616,000) representing other loans that are unsecured, interest-bearing at 10%–12% per annum and repayable on demand.

(ii) HK$34,602,000 (2017: HK$37,632,000) representing margin loan granted by a securities broker.

(iii) HK$155,807,000 (2017: HK$201,601,000) representing advance from independent third parties that are unsecured, interest-free and repayable on demand.

(c) Receipts in advance represented sales proceeds received from purchasers in connection with the Group's pre-sales of properties.

(d) On 13 March 2018, Greater Sino Investments Ltd. ("Greater Sino"), Honwill Limited ("Honwill") (both Greater Sino and Honwill are indirect wholly-owned subsidiaries of the Company) and Dongguan City Danxin Property Company Limited* (東莞市丹新置業有限公司) entered into a co-operation agreement with Dongguan Vanke Real Estate Company Limited* (東莞市萬科房地產有限公司) ("Dongguan Vanke") and Hybest (BVI) Company Limited ("Hybest"), both indirect wholly-owned subsidiaries of China Vanke Co., Ltd.* (萬科企業股份有限公司) (collectively referred to the "Purchasers"), through disposing 49% of the equity interests in Honwill to Hybest and 36% of equity interests in Dongguan Honwill Limited* (東莞市敬培實業有限公司) ("Dongguan Honwill") to the Purchasers at a consideration of RMB830,000,000 (equivalent to approximately HK$1,023,000,000) (subject to adjustments), to dispose of the Group's interest in the property development project in Donggaun (the "Honwill Disposal"). Dongguan Honwill and its subsidiary (the "Dongguan Honwill Group") own the entire interest in the Group's property development project in Donggaun. At 31 March 2018, the Group has received a performance guarantee amount of HK$150,000,000 and classified as performance guarantee amount received. The Honwill Disposal is expected to be completed within two years.

* the English translation of the companies name if for reference only. The official name of these Companies are in Chinese.

38. Convertible Bonds

(a) CCB Convertible Bonds

In April and May 2016, the Company issued the US$20,000,000 (equivalent to approximately HK$156,000,000), 5% per annum guaranteed convertible bonds (the "CCB Convertible Bonds") to Cheer Hope Holdings Limited ("Cheer Hope"). The CCB Convertible Bonds are guaranteed by a director of the Company, Mr. Wong Ben Koon. The CCB Convertible Bonds bear interest at 5% per annum, with a redemption amount payable by the Company on the maturity that would yield an internal rate of return of 10%, and shall be matured on 15 April 2018, and upon a request in writing made by the Company, and with approval from the bonds holder, the term of the bond shall be extended to 15 April 2019. Interests are payable semi-annually.

The CCB Convertible Bonds, at the option of Cheer Hope, are convertible in whole or in part of the outstanding principal amount of the CCB Convertible Bonds at any time which is 5 business days before the maturity date, at an initial conversion price into fully paid ordinary shares with a par value of HK$0.01 each of the Company. The initial conversion price was HK$0.27 per share.

On 29 June 2016, the Company, Cheer Hope and Mr. Wong Ben Koon entered into the deed of amendment (the "CCB CB Amendment Deed"), to amend certain terms and conditions of the CCB Convertible Bonds. The deed of amendment was effective on 19 July 2016. Pursuant to the CCB CB Amendment Deed, the conversion price and coupon rate were subject to adjustment with reference to the current market price per share on a conversion price reset calculation date stipulated in the CCB CB Amendment Deed.

Having regard to the substantial modification to the terms of the CCB Convertible Bonds, the original financial liability was extinguished upon the effective date of the CCB CB Amendment Deed, and a new financial liability was recognised. The conversion price was reset to HK$0.16 per share since 31 December 2016. In addition, the coupon rate of the CCB Convertible Bonds increased from 5% to 6% per annum and the applicable internal rate of return rate payable on the maturing date was increased from 10% to 11%.

(b) PMIL Convertible Bonds

On 26 October 2016, the Company, Full Right as purchasers, and PMIL as vendor entered into the Amended Sale and Purchase Agreement in respect of the acquisition of 25% issued share capital of Indonesia Conch for the consideration of HK$450,000,000. The consideration for the acquisition shall be satisfied by the Company in the following manner: (a) as to HK$100,000,000 of the consideration shall be satisfied by convertible bonds, which interest bearing at 5% per annum (and 8% per annum starting from the maturity of third anniversary of the date of the issue) to PMIL (the "PMIL Convertible Bonds"); and (b) as to HK$350,000,000 of the consideration shall be satisfied by 2,333,333,333 Consideration Shares to PMIL.

Pursuant to the terms and conditions of the Amended Sale and Purchase Agreement, assuming there would be no other issue of new shares and no repurchase of existing shares before completion of the Amended Sale and Purchase Agreement, 2,333,333,333 Consideration Shares would be issued and the PMIL Convertible Bonds in a principal amount of HK$100,000,000 carrying rights to convert 666,666,667 shares would be issued to PMIL.

38. Convertible Bonds *(Continued)*

(b) PMIL Convertible Bonds *(Continued)*

As at 14 July 2017, the acquisition was completed and the PMIL Convertible Bonds with the principal amount equal to HK$100,000,000 were allotted and issued in accordance with the terms of the Amended Sale and Purchase Agreement. On 21 August 2017, the Company redeemed a principal amount of HK$50,000,000 PMIL Convertible Bonds with carrying rights to convert into 333,333,334 shares and on 6 October 2017, the Company redeemed the remaining HK$50,000,000 PMIL Convertible Bonds with carrying rights to convert into 333,333,333 shares.

The movement of the liability components, equity component and derivative components are as follows:

	2018 HK$'000	2017 HK$'000
Liability components:		
Convertible bonds		
At beginning of year	**156,537**	–
Issued during the year	**81,512**	125,901
Interest charged	**30,984**	24,607
Extinguishment of the original financial liabilities	**–**	(132,719)
Recognition of new financial liabilities	**–**	142,735
Redeemed during the year	**(83,089)**	–
Repayment during the year	**(9,117)**	(3,987)
At end of year	**176,827**	156,537
Equity component:		
Convertible bonds		
At beginning of year	**–**	–
Issued during the year	**9,546**	–
Redeemed during the year	**(9,546)**	–
At end of year	**–**	–
Derivative financial liabilities:		
Derivative liabilities embedded in convertible bonds		
At beginning of year	**7,288**	–
Issued during the year	**–**	28,181
Extinguishment of the original financial liabilities	**–**	(28,181)
Recognition of new financial liabilities	**–**	61,191
Fair value gain	**(7,288)**	(53,903)
At end of year	**–**	7,288

38. Convertible Bonds *(Continued)*

As at 31 March 2018, the PMIL Convertible Bonds were fully redeemed.

The interest charged for the year ended 31 March 2018 included (1) interest calculated by applying an effective interest rate of 11.49% to the liability components of PMIL Convertible Bonds between the date of issuance (14 July 2017) and the date of redemption (21 August 2017 for HK$50,000,000 and 6 October 2017 for the remaining HK$50,000,000); and (2) interest calculated by applying an effective interest rate of 17.99% to the liability components of CCB Convertible Bonds for the 24-month period since CCB Convertible Bonds were issued.

The interest charged for the year ended 31 March 2017 is calculated by applying an effective interest rate of 18.04% to 21.28% to the liability components of CCB Convertible Bonds for the 24-month period since CCB Convertible Bonds were issued.

The directors estimate the fair value of the liability components of the CCB Convertible Bonds at 31 March 2018 to be approximately HK$175,256,000 (2017: HK$158,206,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

The derivative components are measured at their fair value at the end of reporting period. The fair values are estimated using Black-Scholes Model with Trinomial Tree method. The key assumptions used are as follows:

CCB Convertible Bonds

	31 March 2018	31 March 2017
Share price — The Company	**HK$0.067**	HK$0.123
Expected volatility	**39.74%**	34.66%
Expected life (years)	**0.04**	1.04
Risk free rate	**0.89%**	0.64%
Expected dividend yield	**0%**	0%

39. Other Borrowings

	2018 HK$'000	2017 HK$'000
Secured	**287,646**	270,000
Unsecured	**81,828**	32,750
	369,474	302,750
Less: Amount due for settlement within 12 months	**(320,183)**	(302,750)
Amount due for settlement after 12 months	**49,291**	–

The carrying amounts of other borrowings are denominated in HK$.

39. Other Borrowings *(Continued)*

The ranges of effective interest rates at 31 March were as follows:

	2018	2017
Other borrowings	6.5% to 16%	8%–16%

Other borrowings are arranged at fixed interest rates, thus exposing the Group to fair value interest rate risk.

Other borrowings of HK$287,646,000 (2017: HK$270,000,000) are secured by equity interests in certain subsidiaries of the Group, personal guarantee executed by Mr. Wong Ben Koon, the Group's other receivables (note 27(c)(ii)) and available-for-sale financial assets (note 22) (2017: consideration receivable (note 27(b)), other receivables (note 27(c)(ii)), and available-for-sale financial assets (note 22)).

40. Guaranteed Notes and Bonds

	2018 HK$'000	2017 HK$'000
Guaranteed Notes (note (a))	177,790	166,932
Bonds (note (b))	198,000	72,000
	375,790	238,932
Less: Amount due for settlement within 12 months	(249,790)	–
Amount due for settlement after 12 months	126,000	238,932

Notes:

(a) In April and May 2016, the Company issued the US$20,000,000 (equivalent to approximately HK$156,000,000), 5% per annum guaranteed notes (the "Guaranteed Notes") to Cheer Hope. The guaranteed notes are guaranteed by a director of the Company, Mr. Wong Ben Koon.

The interest charged for the year ended 31 March 2018 is calculated by applying an effective interest rate of 11.4% (2017: 11.8%) to Guaranteed Notes for the 24-month period since the respective guaranteed notes were issued. The Guaranteed Notes shall be matured on 15 April 2018, and upon a request in writing made by the Company, and with approval from the notes holder, the term of the bond shall be extended to 15 April 2019.

(b) On 10 January 2017, the Company entered into an agreement pursuant to which a referral agent agreed to act as a referral agent for the purposes of referring subscribers to the Company on a best effort basis for the issue of the 6.5% coupon bonds due 2019 (the "Bonds") in an aggregate principal amount of up to HK$300,000,000 during 10 January 2017 to 30 June 2017 and was further extended to 30 September 2017. At 31 March 2018, the Bonds in an aggregate principal amount of HK$198,000,000 (2017: HK$72,000,000) has been successfully subscribed by several independent institutional or private investors. The effective interest rate of the Bonds is 6.31% (2017: 6.31%).

41. Share-Based Payments

Equity-settled share option schemes

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 include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 25 September 2009 and, unless otherwise cancelled or amended, remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% 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 shares 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 and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5,000,000, 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 28 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 highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

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

41. Share-Based Payments *(Continued)*

Equity-settled share option schemes *(Continued)*

Details of the shares options granted and outstanding during the year are as follows:

Name or category of participant	Number of options outstanding as at 1 April 2017	Lapsed during the year	Number of options outstanding as at 31 March 2018	Date of grant of share options	Exercisable period	Exercise price of share options HK$	Closing price of the shares immediately before date of grant of share options HK$
Director							
Dr. MAO Shuzhong	30,000,000	–	30,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Mr. LIU Yongshun	15,000,000	–	15,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Ms. Gloria WONG	10,000,000	–	10,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Mr. KONG Siu Keung	10,000,000	–	10,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
	65,000,000	–	65,000,000				
Other							
Other employees	27,800,000	(5,000,000)	22,800,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Third parties	30,000,000	–	30,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
	122,800,000	(5,000,000)	117,800,000				

41. Share-Based Payments *(Continued)*

Equity-settled share option schemes *(Continued)*

The number and weighted average exercise prices of the share options are as follows:

	2018		2017	
	Number of share options	Weighted average exercise price HK$	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of year	**122,800,000**	**0.41**	126,800,000	0.41
Lapsed during the year	**(5,000,000)**	**0.41**	(4,000,000)	0.41
Outstanding at the end of year	**117,800,000**	**0.41**	122,800,000	0.41
Exercisable at the end of year	**117,800,000**	**0.41**	122,800,000	0.41

At 31 March 2018, the options outstanding have a weighted average remaining contractual life of 3 years (2017: 4 years).

The vesting period for the share options are 12 months after commencement of the option period.

Save for the above, no share options were granted, exercised or cancelled under the Scheme during the year.

42. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transaction

The redemption of PMIL Convertible Bonds of approximately HK$100,000,000 was settled through the current account with PMIL during the year.

42. Notes to the Consolidated Statement of Cash Flows *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 April 2017 HK$'000	Cash flows HK$'000	Interest expenses/ finance lease charges HK$'000	Acquisition of available-for-sales financial assets HK$'000	Settlement through current account HK$'000	Others (note) HK$'000	31 March 2018 HK$'000
Bank borrowings (note 32)	1,807,365	(112,315)	90,378	–	–	10,629	1,796,057
Finance lease payables (note 33)	1,149	(921)	41	–	–	–	269
Term loan from a related party (note 34)	255,643	–	10,721	–	–	–	266,364
Convertible bonds (note 38)	156,537	(9,117)	30,984	81,512	(100,000)	16,911	176,827
Other borrowings (note 39)	302,750	13,428	57,017	–	–	(3,811)	369,474
Guaranteed notes (note 40)	166,932	(7,866)	18,724	–	–	–	177,790
Bonds (note 40)	72,000	121,146	11,110	–	–	(6,256)	198,000
	2,762,376	4,355	219,065	81,512	(100,000)	17,473	2,984,781

Note: Others represented losses on early redemption of convertible bonds, exchange differences and changes in accrued interest.

43. Contingent Liabilities

Financial guarantees issued

(a) The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties as follows:

	2018 HK$'000	2017 HK$'000
Guarantees given to banks for mortgage facilities utilised by purchasers	**341,029**	486,734

Pursuant to the terms of the guarantees, if there are any defaults on the mortgages, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks. The Group is then entitled to take over the legal title and possession of the related properties. The guarantees will be released upon issuance of the purchasers' property ownership certificates and completion of the relevant registration of the mortgaged properties.

At 31 March 2018, the directors do not consider it probable that a claim will be made against the Group under the above guarantees.

(b) The Group provided security to various banks for loan facilities granted to a non-controlling shareholder of a subsidiary and its subsidiary as follows:

	2018 HK$'000	2017 HK$'000
Security given to banks for loan facilities utilised by a non-controlling shareholder of a subsidiary and its subsidiary	**898,326**	776,849

Pursuant to the terms of the guarantees, if there are any defaults on the loans, the Group shall have the responsibility to repay the outstanding loan principals together with accrued interests and penalties owed by the non-controlling shareholder of a subsidiary and its subsidiary to the banks. The Group is then entitled to take over such percentage equity interests in the subsidiary at nil consideration.

At 31 March 2018, the directors do not consider it probable that a claim will be made against the Group under the above guarantees.

Save for the above, the Group and the Company did not have other significant contingent liabilities.

44. Banking Facilities

As at 31 March 2018, the Group's banking facilities were secured by:

(a) the charge over certain property, plant and equipment (note 18), investment properties (note 19), inventories (note 25) and certain bank deposits (note 28) of the Group;

(b) equity interests in certain subsidiaries of the Group;

(c) corporate guarantee of the Company;

(d) corporate guarantees of subsidiaries;

(e) personal guarantees executed by Mr. Wong Ben Koon and directors of subsidiaries;

(f) deed of subordination of term loan by a related company;

(g) certain rights of mining, processing and selling raw iron ore owned by a subsidiary (note 21); and

(h) equity interests in certain companies executed by Mr. Wong Ben Koon and a related company.

As at 31 March 2017, the Group's banking facilities were secured by:

(a) the charge over certain property, plant and equipment (note 18), investment properties (note 19), inventories (note 25) and certain bank deposits (note 28) of the Group;

(b) equity interests in certain subsidiaries of the Group;

(c) corporate guarantee of the Company;

(d) corporate guarantees of subsidiaries;

(e) personal guarantees executed by Mr. Wong Ben Koon and directors of subsidiaries;

(f) deed of subordination of term loan by a related company;

(g) certain rights of mining, processing and selling raw iron ore owned by a subsidiary (note 21); and

(h) equity interests in certain companies executed by Mr. Wong Ben Koon and a related company.

45. Commitments

As at 31 March 2018, the Group had the following commitments:

(a) Operating lease commitments — as lessee

The Group had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	**67,366**	93,365
In the second to fifth years, inclusive	**1,441**	7,145
	68,807	100,510

Operating lease payments represent land costs payable by the Group for the properties under development for sale of approximately HK$61,675,000 (2017: HK$85,238,000) and rentals payable by the Group for the office premises and staff quarters of approximately HK$7,132,000 (2017: HK$15,272,000). Leases are negotiated for terms ranging from one to five years and rentals are fixed over the lease terms and do not include contingent rentals.

(b) Operating lease commitments — as lessor

The Group leases out investment properties under operating leases. The leases typically run for an initial period ranging from 1 to 10 years (2017: 1 to 10 years), with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

At 31 March 2018, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2018 HK$'000	2017 HK$'000
Within one year	**83,698**	43,021
In the second to fifth years, inclusive	**240,415**	138,280
After five years	**180,612**	62,684
	504,725	243,985

46. Related Party Transactions

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following material related party transactions during the year:

(a) Compensation of key management personnel

	2018 HK$'000	2017 HK$'000
Directors' fees	1,240	1,240
Basic salaries, allowances and benefits in kind	24,981	26,056
Retirement benefit scheme contributions	1,117	1,160
	27,338	28,456

(b) Donations for the year

	2018 HK$'000	2017 HK$'000
A related party[(i)]	1,761	7,081

(c) Interest expense during the year

	2018 HK$'000	2017 HK$'000
Related companies[(ii)]	10,721	–

(d) Other receivables as at 31 March

	2018 HK$'000	2017 HK$'000
Related companies[(ii)]	81,499	2,436

Notes:

(i) Mr. Wong Ben Koon is the president of the unincorporated association.

(ii) Mr. Wong Ben Koon is also a director of and has beneficial interest in these companies.

47. Principal Subsidiaries

Particulars of the principal subsidiaries as at 31 March 2018 are as follows:

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital	Equity interest Direct	Equity interest Indirect	Principal activities
Billion Win	The British Virgin Islands ("BVI")	10,000 ordinary shares of US$1 each	–	100%	Investment holding
Bliss Hero Investment Limited	Hong Kong	3,000,100 ordinary shares of HK$1 each	–	100%	Investment holding
Δ Binhai Qiaohong Zhiye Limited	The PRC	Registered capital of RMB300,000,000	–	100%	Property development
Δ Dongguan City Danxing Industrial Company Limited ("Danxing")	The PRC	Registered capital of RMB13,540,000	–	70%	Property development
Δ Dongguan Honwill	The PRC	Registered capital of RMB204,359,486	–	70%	Property development
First World Venture Resources Sdn. Bhd.	Malaysia	100 ordinary shares of MYR1 each	–	70%	Provision of transportation services
Globest Participações Ltda	Federative Republic of Brazil	61,524,903 ordinary shares of Brazil Reais $1 each	–	85%	Mining and processing of iron ore
Grace Wise Pte. Ltd.	Singapore	1 ordinary share of Singapore dollar 1 each	–	100%	Trading of iron ore
# Δ Guangzhou Bliss Hero Real Estate Development Limited	The PRC	Registered capital of HK$270,000,000	–	100%	Property leasing
* Δ Guangzhou Fuchun Dongfang Real Estate Investment Company Limited ("Fuchun Dongfang")	The PRC	Registered capital of RMB420,000,000	–	55%	Property development, sales and leasing
#Δ Guilin Star Brite Stone Materials Co., Ltd.	The PRC	Registered capital of US$9,800,000	–	60%	Mining and processing of granite and selling of granite products

47. Principal Subsidiaries *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital	Equity interest Direct	Equity interest Indirect	Principal activities
#Δ Hangzhou Chengzhuo Trading Company Limited	The PRC	Registered capital of RMB36,000,000	–	100%	Trading of iron ore and steel
#Δ Hangzhou Gangchang Technology & Trade Company Limited	The PRC	Registered capital of RMB35,000,000	–	100%	Trading of iron ore equipment
Lead Hero Investments Limited	BVI	33,334 ordinary shares of US$1 each	–	70%	Investment holding
MCO	Macao	100,000 ordinary shares of Macao Pataca ("MOP") 1 each	–	100%	Trading of iron ore
Phoneix Lake Sdn. Bhd.	Malaysia	6,242,002 ordinary shares of MYR1 each	–	100%	Mining and processing of iron ore
PMHL	Jersey	143,391,230 ordinary shares of Great Britain Pound 0.01 each	64.07%	35.93%	Investment holding
Pro-Rise Business Limited	BVI	1,000 ordinary shares of US$1 each	–	100%	Investment holding
Profit World Ventures Limited	BVI	20,000 ordinary shares of US$1 each	100%	–	Investment holding
Prosperity Cement (Asia) Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Trading of clinker, cement and other building materials
Prosperity Cement (Asia) Limited — Macao Commercial Offshore	Macao	1 ordinary share of MOP100,000 each	–	100%	Trading of clinker, cement and other building materials

47. Principal Subsidiaries *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital	Equity interest Direct	Equity interest Indirect	Principal activities
Prosperity Minerals Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Provision of advisory, planning and administrative services
Prosperity Minerals Management Limited	Hong Kong	100,000 ordinary shares of HK$1 each	–	100%	Provision of human resources and administrative services
Prosperity Real Estate Holdings Limited	Bermuda	1 ordinary share of HK$1 each	–	100%	Investment holding
Prosperity Trading Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Trading of building materials
PT. Tritama Barata Makmur	Indonesia	45,000 ordinary share of Indonesia Ripiah 1,000,000 each	–	75%	Property development
Sharp Advance International Limited	BVI	1 ordinary share of US$1 each	–	100%	Investment holding
Success Top Enterprise Ltd.	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Trading of building materials
#Δ Xuyi Changsheng Property Co., Ltd.	The PRC	Registered capital of RMB133,000,000	–	70%	Property development
Δ* Suzhou Jiaxin Real Estate Development Company Limited	The PRC	Registered capital of RMB100,000,000	–	55%	Property development
WM Aalbrightt Investment Holdings (Hong Kong) Limited	Hong Kong	100,000 ordinary shares of HK$1 each	–	60%	Investment holding

47. Principal Subsidiaries *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital	Equity interest Direct	Equity interest Indirect	Principal activities
#Δ Zhejiang Changxing Investment Co., Ltd.	The PRC	Registered capital of US$58,600,000	–	100%	Investment holding
#Δ Suqian Shengda Real Estate Development Co., Ltd.	The PRC	Registered capital of RMB100,080,000	–	70%	Property development
UGL	BVI	2 ordinary shares of US$1 each	–	85%	Investment holding

a wholly-owned foreign enterprise established in the PRC

* a sino foreign equity joint venture established in the PRC

Δ the English translation of the companies' names is for reference only. The official name of these companies are in Chinese

47. Principal Subsidiaries *(Continued)*

The following table shows information of subsidiaries that have non-controlling interests material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	Dongguan Honwill and Danxing (Note)		Fuchun Dongfang	
	2018	2017	**2018**	2017
Principal place of business and country of incorporation	**The PRC**	The PRC	**The PRC**	The PRC
% of ownership interests and voting rights held by non-controlling interests	**30%**	30%	**45%**	45%
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 31 March				
Non-current assets	**16,830**	15,794	**2,261,524**	2,084,988
Current assets	**518,401**	331,083	**807,544**	785,295
Non-current liabilities	**–**	–	**(352,445)**	(343,677)
Current liabilities	**(90,597)**	(78,962)	**(736,216)**	(723,997)
Net assets	**444,634**	267,915	**1,980,407**	1,802,609
Accumulated non-controlling interests	**201,345**	183,345	**891,183**	811,174
Year ended 31 March				
Revenue	**–**	–	**96,879**	156,254
(Loss)/profit for the year	**(8,862)**	2,701	**23,431**	(15,768)
Other comprehensive income	**–**	(10,466)	**–**	–
Total comprehensive income	**(8,862)**	(7,765)	**23,431**	(15,768)
(Loss)/profit allocated to non-controlling interests	**(2,659)**	(2,330)	**10,544**	(7,096)
Net cash generated from/(used in) operating activities	**219,559**	855	**(23,688)**	52,199
Net cash (used in)/generated from investing activities	**(232,391)**	(14,581)	**17,953**	(9,131)
Net cash generated from/(used in) financing activities	**13,372**	11,628	**(15,887)**	(14,893)
Net increase/(decrease) in cash and cash equivalents	**540**	(2,098)	**(21,622)**	28,175

Note: During the year, the Group has entered into a co-operation agreement with Dongguan Vanke and Hybest, both indirect wholly-owned subsidiaries of China Vanke Co., Ltd., to dispose of 49% of the equity interests in Honwill, the immediate holding company of Dongguan Honwill, to Hybest and 36% of equity interests in Dongguan Honwill to Donggaun Vanke. Up to the date of the consolidated financial statements, the disposal has not yet completed and is expected to be completed within two years.

As at 31 March 2018, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to HK$33,922,000 (2017: HK$49,324,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

48. Events after the Reporting Period

(a) On 9 April 2018, Rui Sheng Global Holdings Limited ("Rui Sheng"), a wholly-owned subsidiary of the Company, exercised a put option that was granted by Hao Tian Development Group Limited ("Hao Tian Development") to Rui Sheng on 9 April 2015. Pursuant to the subscription agreement dated 9 April 2015, Rui Sheng agreed to subscribe for 100,000,000 new shares ("HT Subscription Shares") in the capital of Hao Tian Finance Company Limited ("Hao Tian Finance") for an aggregate consideration of HK$100,000,000 and Hao Tian Development granted a put option to Rui Sheng to require Hao Tian Development to purchase all or part of the HT Subscription Shares at the consideration of HK$1.15 per HT Subscription Share (i.e. at HK$115,000,000 in total) from Rui Sheng if Hao Tian Finance does not list on the Main Board or the GEM of the Stock Exchange within three years. A gain of approximately HK$779,000 was accrued to the Group upon the completion of the exercise of the put option.

(b) On 13 March 2018, Greater Sino and Honwill, both indirect wholly-owned subsidiaries of the Company, entered into a co-operation agreement with Dongguan Vanke and Hybest, both indirect wholly-owned subsidiaries of China Vanke Co., Ltd., (collectively referred to the "Purchasers") through disposing 49% of the equity interests in Honwill to Hybest and 36% of the equity interests in Dongguan Honwill to Donggaun Vanke at a consideration of RMB830,000,000 (equivalent to approximately HK$1,023,000,000) (subject to adjustments) to dispose the Group's interest in the property development project in Donggaun. Dongguan Honwill Group owns entire interest in the Group's property development project in Donggaun.

After the Honwill Disposal, the Group will only hold an effective interest of 17.34% in Dongguan Honwill Group, and the Group will receive a maximum amount of RMB581,000,000 (equivalent to approximately HK$716,000,000) from the Honwill Disposal. At 31 March 2018, the Group has received a deposit of HK$150,000,000 (equivalent to approximately RMB120,000,000) and classified as performance guarantee amount received under current liabilities. The Group has transferred 49% of the equity interests in Honwill and 36% of the equity interests in Dongguan Honwill to Purchasers in April 2018, and received RMB75,000,000 (equivalent to approximately HK$91,000,000). Up to the date of this report, the remaining consideration of RMB386,000,000 (equivalent to approximately HK$475,000,000) has not yet received and the Honwill Disposal has not yet been completed.

Summary of Properties Held for Investment

As at 31 March 2018

	Location	Term of lease	Type of use
1	Certain portion on 1/F., 2/F., 3/F. and 13/F., whole floor of 14/F. to 26/F. and Basement, Silverbay Plaza, No. 299, Yan Jiang Zhong Road, Yuexiu District, Guangzhou City, Guangdong Province, the PRC	Medium-term lease	Office and car parking spaces
2	B1-B3, 1/F.-4/F. of Oriental Landmark, at the junction of Wen De Road and Wen Ming Road, Yuexiu District, Guangzhou City, Guangdong Province, the PRC	Medium-term lease	Retail outlets and car parking spaces

Summary of Properties Under Development For Sale

As at 31 March 2018

	Location	Intended use
1	Oriental Landmark, at the junction of Wen De Road and Wen Ming Road, Yuexiu District, Guangzhou City, Guangdong Province, the PRC	Residential, office and car parking spaces
2	One City, No. 231 Chang Xing Road, Binhai county, Yancheng City, Jiangsu Province, the PRC	Residential, shops and car parking spaces
3	FuYuan, Jin Ting Road North, Jin Ting Town, Wuzhong District, Suzhou City, Jiangsu Province, the PRC	Residential
4	Longping Road North, Guanjingtou Village, Fenggang Town, Dongguan City, Guangdong Province, the PRC	Residential and commercial
5	At the junction of Jalan Kembangan and Jalan Puri Indah, West Jakarta, the Indonesia	Residential
6	Suyu District near Jiang Shan Avenue and Heng Shan Road, Suqian City, Jiangsu Province, the PRC	Residential, shops and car parking spaces
7	At Xuyi Development Zone near Meihua Road and Kuihua Road, Xuyi County, Huaian City, Jiangsu Province, the PRC	Residential and commercial

Summary Financial Information

The following is a summary of the published results and of the assets and liabilities of the Group prepared on the bases set out in note below:

	Year ended 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**4,479,820**	4,521,452	2,008,509	3,578,700	5,451,942
(Loss)/profit before tax	**(1,009,071)**	(62,929)	(306,487)	(635,509)	729,353
Income tax credit/(expense)	**19,629**	(64,953)	(262)	(122,392)	(442,177)
(Loss)/profit for the year	**(989,442)**	(127,882)	(306,749)	(757,901)	287,176
Attributable to:					
Owners of the Company	**(961,012)**	(119,733)	(263,209)	(839,453)	130,717
Non-controlling interests	**(28,430)**	(8,149)	(43,540)	81,552	156,459
	(989,442)	(127,882)	(306,749)	(757,901)	287,176

	As at 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Non-current assets	**4,708,237**	4,955,901	5,169,025	5,867,185	4,790,208
Current assets	**4,537,221**	4,533,330	3,418,943	3,971,705	3,599,193
Current liabilities	**(4,425,561)**	(4,159,015)	(3,374,561)	(3,960,222)	(3,454,851)
Non-current liabilities	**(1,682,100)**	(1,968,415)	(1,754,970)	(2,516,934)	(1,221,863)
Total equity	**3,137,797**	3,361,801	3,458,437	3,361,734	3,712,687
Attributable to:					
Owners of the Company	**1,964,153**	2,340,843	2,569,632	2,408,560	2,874,969
Non-controlling interests	**1,173,644**	1,020,958	888,805	953,174	837,718
	3,137,797	3,361,801	3,458,437	3,361,734	3,712,687

Note: Amounts disclosed in the summary financial information for prior years were extracted from the annual report for the year ended 31 March 2017.