ZHIDAO INTERNATIONAL (HOLDINGS) LIMITED
志 道 國 際 (控 股) 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 1220)

Annual Report 2018

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Fung Kwok Kit *(Chairman)*
Mr. Zhong Can
Mr. Tung Yee Shing (resigned on 11 December 2017)

Independent Non-executive Directors

Mr. Chan Yin Tsung
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

AUDIT COMMITTEE

Mr. Chan Yin Tsung *(Chairman)*
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

REMUNERATION COMMITTEE

Mr. Li Kam Chung *(Chairman)*
Mr. Chan Yin Tsung
Mr. Tung Yee Shing (resigned on 11 December 2017)

NOMINATION COMMITTEE

Mr. Chan Yin Tsung *(Chairman)*
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

COMPANY SECRETARY

Mr. Wong Kin Chung

LEGAL ADVISORS

TC & Co.

AUDITORS

Ascenda Cachet CPA Limited
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE IN HONG KONG

Unit 3328D, 33rd Floor
China Merchants Tower, Shun Tak Centre
168 Connaught Road Central
Sheung Wan, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Hong Kong Branch

STOCK CODE

01220

COMPANY WEBSITE

www.zdihl.com

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "**Board**") of Zhidao International (Holdings) Limited (the "**Company**"), I am pleased to present the results and operations of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2018 (the "**Year**").

BUSINESS REVIEW

For the year of 2017/18, as a result of the decrease in revenue of the Group's construction projects business and money lending business, the total revenue of the Group decreased to approximately HK$20.9 million, compared to that of approximately HK$23.4 million for the year of 2016/17.

In comparison to that of last year, the Group recorded a lower gross profit for the year at approximately HK$13.4 million (2016/17: approximately HK$15.9 million), representing an approximately 15.7% decrease. The gross margin for the year of 2017/18 was approximately 64.0% (2016/17: approximately 68.0%).

During the year, the Group continued the strategy in seeking opportunities in the construction projects business and money lending business. As a result of deploying resources to the construction projects business and money lending business, the Group recorded no revenue from the trading of aluminium products business during the year (2016/17: Nil). Although the aluminium trading business may not be the Group's focus, the management of the Group will still keep reviewing the current business model of the aluminium trading business and will keep monitoring the business environment and looking for appropriate opportunities to improve the current aluminium trading business.

The Group's construction projects segment recorded a revenue of approximately HK$8.3 million for the year, an approximately 26.5% decrease from that of approximately HK$11.3 million for the year 2016/17. Gross margin of the construction projects segment recorded a decrease to approximately 9.0% for the year, in comparison to approximately 33.9% last year. The Group had made progress in securing businesses in the construction projects segment after the end of the year and it is expected that the result of the construction projects segment will be better in the year to come.

Revenue and gross profit of the money lending segment, which were mainly interest income with no direct interest expense, were both approximately HK$10.3 million for the year, contributing approximately 49.5% of total revenue and approximately 77.3% of total gross profit of the Group.

The financing guarantee services contributed approximately HK$2.3 million (2016/17: HK$0.9 million) of revenue and gross profit, without direct cost, to the Group. For the year ended 31 March 2018, the Group recognised a provision for the impairment of receivables for default guarantee payments and receivables from guarantee customers of approximately HK$24.9 million (2016/17: HK$11.8 million). As disclosed in an announcement on 27 April 2018, the management of the Group considered that the financing guarantee services made slow progress in expansion of its business and the financial performance of its business was not as satisfactory as the Group expected, the Group entered into a disposal agreement to dispose of the entire interest in the financing guarantee services business. The disposal was subsequently completed on 4 June 2018. For the net proceeds from the disposal of HK$50 million, approximately HK$30 million will be applied for the development of the Group's core trading and construction project businesses, and the remainder of the net proceed of approximately HK$20 million will be utilised as general working capital and as funds for future development of the Group when investment opportunities arise.

DIVIDENDS

The Board did not recommend the payment of any dividend for the years ended 31 March 2018 and 2017.

PROSPECTS

The management expects to continue the Group's focus on the construction projects business and the money lending businesses. The Group will identify and pursue new business and investment opportunities in different areas which could bring potential and long-term value to the Group and its shareholders.

After 31 March 2018 and before the date of this Result Announcement, the Group secured two contracts in the construction projects business which will contribute to the Group's revenue and profit for the coming year. The Group will continue its effort in the construction sector in Hong Kong and Macao, and the management is confident in the growth of the Group's construction projects business.

In addition to the opportunities in the construction projects, the Group has new loan disbursement of approximately HK$110.9 million after 31 March 2018 and before the date of this Result Announcement. The Group targets to achieve a loan portfolio of approximately HK$180 million by the end of December 2018, which if achieved, would substantially improve the revenue and profitability of the money lending business of the Group.

On 29 January 2018, as disclosed in an announcement on the same date, the Group entered into an Engineering, Development and Construction Contract (the "EDC" Contract) pursuant to which the Group will be engaged in provision of the Services, as defined in the EDC Contract, for the Mining Project in Pakistan. The management considered that the EDC Contract will provide the Group with an attractive entry point into Pakistan, part of the "One Belt One Road" initiative, by anticipating development into a copper and gold resource located in a region with well-known copper-gold porphyry mineralisation. The long stop date of the EDC Contract was 30 April 2018 and the Group has been working with the Employer Company regarding certain conditions precedent for completion. The Group expects further agreement will be entered into with the Employer Company. The Company will make announcement once further development of the EDC Contract is achieved.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2018, the Group had cash and bank balances of approximately HK$265.6 million (2017: HK$290.3 million) while net assets was approximately HK$455.1 million (2017: HK$446.2 million). The Group's gearing ratio, being a ratio of total bank and other borrowings to shareholders' funds, was nil as at 31 March 2018 (2017: Nil).

Details of the movements in the share capital of the Company during the Year are set out in note 25 to the consolidated financial statements.

Share Option Scheme

The existing share option scheme was approved and adopted by the shareholders of the Company at the special general meeting held on 31 August 2015 ("**2015 Scheme**"). The primary purpose of the 2015 Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Further details of the 2015 Scheme are as disclosed in the circular of the Company dated 30 July 2015.

Details of the movements in the Share Options under the Share Option Scheme during the Year are set out in note 26 to the consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2018, the majority of the Group's assets and liabilities were denominated in Hong Kong dollars. The Board considered its exposure to foreign exchange risk was insignificant, therefore no financial instruments was made to hedge such exposure.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group had 32 (2017: 94) employees. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Group's performance, and individual qualifications and performance.

The emolument policy for the employees of the Group is set up by the Company's remuneration committee on the basis of their merit, qualifications and competence. Discretionary bonus and share options may be awarded to eligible employees with reference to individual performance and the Group's business performance. The emoluments of the directors are decided by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Disclosure of directors' emoluments is set out in note 7 to the consolidated financial statements.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

ENVIRONMENTAL PERFORMANCE

The Group has minimised the operation impact on the environment and natural resource. To build a greener future, the Company is committed to implementing policies and measures to foster reduction of the Group's environmental impact. During the Year, the Group has collected recycled papers and used it as key printing materials. The Company strives to follow energy saving practices in office premises where applicable.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance, and ordinance relating to disability, sex, and family status, as well as the Employment Ordinance, the Minimum Wage Ordinance and well-being of its employees. The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and guidelines issued by the Office of the Privacy Commissioner for Personal Data, with a view to protecting the privacy of its employees and customers, etc. The Group has also complied with the Stamp Duty Ordinance, Rating Ordinance and Inland Revenue Ordinance in respect of renting of premises during the Year. During the Year, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

APPRECIATIONS

On behalf of the Board, I would like to take this opportunity to express our appreciation to the staff and management team of the Group for their contribution during the Year and also to give our sincere gratitude to all our shareholders for their continuous support.

Fung Kwok Kit
Chairman

Hong Kong, 29 June 2018

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Fung Kwok Kit, aged 53, was appointed as an executive Director on 27 October 2017. Mr. Fung had ten years consultation experience in provision of student services in the United States of America (the "**USA**"). Mr. Fung is currently the Consultant of Boston International Student Service Centre in the USA since 2013 and is an independent real estate advisor for overseas investors since 2011.

Prior to working as a consultant and independent advisor in the USA, Mr. Fung was engaged in marketing and trading of electronic and consumer products in the USA market since 1995 and has gained extensive experience in import and export between the USA and the PRC.

Mr. Fung holds a Bachelor Degree of Science in Economics from the University of Massachusetts.

Mr. Zhong Can, aged 31, was appointed as an executive Director on 27 October 2017. Mr. Zhong had seven years managerial experience in production, import and export, and marketing of motor vehicles and parts in the People's Republic of China (the "**PRC**"). Currently, Mr. Zhong is the Plant Manager of 德慶縣炬林環保新能源開發有限公司, a company established in the PRC which is engaged in trading and manufacturing biomass fuel products, since 2014. Mr. Zhong is currently the director of certain subsidiaries of the Company since January 2017.

Mr. Zhong graduated from the Hunan University in faculty of Business Administration.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yin Tsung, aged 38, was appointed as an independent non-executive Director on 15 September 2014. Mr. Chan is a Certified Public Accountant certified under the American Institute of Certified Public Accountants. He holds a bachelor degree in commerce from the University of British Columbia and a master degree in financial analysis from The Hong Kong University of Science and Technology.

Mr. Chan has over 15 years of experience in corporate finance practices, including initial public offerings, corporate merger and acquisitions, restructuring, due diligence, audit, financial modeling and business valuation. From 2003 to 2010, Mr. Chan held relevant positions in Ernst & Young, KPMG Transaction Advisory Services and PricewaterhouseCoopers Corporate Finance, providing transaction advisory and audit services in China and Hong Kong to various corporations. Mr. Chan joined the investment banking division of Essence International Financial Holdings Limited in October 2010 where he focused on advising clients in initial public offering. In August 2011, Mr. Chan joined the private equity department of the same company as a senior manager and he was responsible for investment projects' origination, analysis and execution.

From July 2012 to July 2013, Mr. Chan was appointed as an executive director of Green International Holdings Limited (listed on the Stock Exchange). Mr. Chan was the chief executive officer of Hao Wen Holdings Limited (listed on the Stock Exchange) from February 2014 to May 2016.

Since November 2016, Mr. Chan has served as an independent non-executive director, the chairman of audit committee and remuneration committee and a member of the nomination committee of China Ludao Technology Company Limited (listed on the Stock Exchange).

Since December 2016, Mr. Chan has been appointed as the independent non-executive director and Chairman of audit committee of Beijing Jingneng Clean Energy Co., Limited (listed on Stock Exchange).

Mr. Li Kam Chung, aged 66, was appointed as an independent non-executive Director on 9 January 2012. Mr. Li is also an independent non-executive director of Taung Gold International Limited (listed on the Stock Exchange). Mr. Li was the chairman of Joint Village Office for Villages in Shuen Wan, Tai Po, New Territories and is currently a member of Tai Po District Council Environment, Housing and Works Committee.

Mr. Kwok Lap Fung Beeson, aged 32, was appointed as an independent non-executive Director on 9 January 2012. Mr. Kwok holds a Bachelor of Business awarded by the University of Technology, Sydney, Australia and is an associate member of CPA Australia.

DIRECTORS' REPORT

The directors (the "**Directors**") of Zhidao International (Holdings) Limited (the "**Company**") are pleased to present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2018 (the "**Year**").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings. The Group is principally engaged in (i) trading of aluminium products; (ii) supply of aluminium products in the construction projects; (iii) money lending business; and (iv) provision of financing guarantee services in the People's Republic of China (the "**PRC**").

During the year, the Group entered into an engineering, development and construction contract for a mining project in Pakistan (the "**Construction Contract**"). Pursuant to the Construction Contract, the Group shall be the contractor which provides engineering, development and construction services to a Pakistan Company on an exclusive basis. However, the Group has not yet commenced any engineering, development and construction of the mining project during the year. Details of the principal activities and other particulars of its principal subsidiaries are set out in note 1 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the Group's financial position as at 31 March 2018 are set out in the consolidated financial statements on pages 39 to 40.

The board of the Directors of the Company (the "**Board**") did not recommend the payment of any dividend for the year ended 31 March 2018.

GROUP FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 116 of this report.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 39 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

BUSINESS REVIEW

Further discussion and analysis of the principal activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2017/18, and an indication of likely future development in the Group business, can be found in the preceding sections of this annual report set out in pages 3 to 6. The preceding sections form part of this report.

PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in property, plant, equipment and investment property of the Group during the Year are set out in note 12 and 13 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 25 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Act of Bermuda, the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares. As at 31 March 2018, there was no aggregate amount of reserves available for distribution to equity holders of the Company (2017: Nil).

DIRECTORS

The Directors during the Year and up to the date of this annual report were as follows:

Executive Directors

Mr. Fung Kwok Kit, *Chairman* (appointed on 27 October 2017)
Mr. Zhong Can (appointed on 27 October 2017)
Mr. Tung Yee Shing (resigned on 11 December 2017)

Independent Non-executive Directors

Mr. Chan Yin Tsung
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

In accordance with Bye-laws 87(1) and 87(2), Mr. Fung Kwok Kit, Mr. Zhong Can and Mr. Li Kam Chung will retire by rotation and, being eligible, have offered themselves for re-election at the forthcoming annual general meeting of the Company ("**AGM**").

Biographical details of Directors are set out on page 7.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). The Company considers all independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

None of Directors who are proposed for re-election at the forthcoming annual general meeting 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, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2018, the interests or short positions of the Directors, chief executives of the Company or their associates in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules adopted by the Company for the Year were as follows:

Long position in the shares and underlying shares

Ordinary shares of HK$0.01 each of the Company

Name of Directors	Number of underlying shares held under share options	Approximate percentage of the issued share capital of the Company
Chan Yin Tsung	4,166,666	0.21%
Li Kam Chung	4,166,666	0.21%
Kwok Lap Fung, Beeson	4,166,666	0.21%

Save as disclosed above, none of the Directors and chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as the related parties transactions disclosed in note 33 to the consolidated financial statements, there were no contract of significance to which the Company, its holding companies and any of its subsidiaries, was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the Year.

SHARE OPTIONS SCHEME

The Company adopted a share option scheme at the annual general meeting held on 31 August 2015 (the "**Adoption Date**") (the "**2015 Scheme**") for the purpose of providing incentives to Participants (as defined in the 2015 Scheme) to contribute to the Group and/or to enable the Group to recruit high-calibre employees and attract resources that are valuable to the Group and the shareholders of the Company as a whole. Participants include the directors and any employees of the Group, supplier of goods or services of the Group, any person provides professional advice, consultancy service or technical support to the Group and any shareholders of any member of the Group. Unless otherwise terminated or amended, the 2015 Scheme will remain in force for 10 years from the Adoption Date. The principal terms of the 2015 Scheme are summarised as follows:

(a) The maximum number of shares in respect of which share options may be granted under the 2015 Scheme must not exceed 10% of the number of shares of the Company in issue as at the Adoption Date. Subject to prior shareholders' approval, the Company may, at any time thereafter, refresh the scheme mandate limit to the extent not exceeding 10% of the shares in issue as at the date of the shareholders' approval. Following the adoption at the Adoption Date, the maximum number of shares in respect of which options may be granted under the 2015 Scheme is 198,000,000 shares, representing 10% of the total number of shares in issue as at the Adoption Date, and representing 10% of the issued share capital of the Company as at 31 March 2016 and the date of this annual report respectively. The maximum number of shares to be issued under the share options granted to each Participant in the 2015 Scheme within any 12-month period is limited to 1% of the number of shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

(b) 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 associated, in excess of 0.1% of the number of 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 grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

(c) The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a consideration of HK$1.00 in total by the grantee. The vesting period and exercise period of the share options granted is determinable by the directors, but not exceeding 10 years from the offer date.

(d) The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares stated in the Stock Exchange's daily quotation sheets on the date of grant; and (ii) the average closing price of the Company's shares stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.

At the end of the reporting period and at the date of approval of these consolidated financial statements, the Company had 52,099,998 share options valid and outstanding under the 2015 Scheme, exercisable at a price of HK$1.20 per share ("**Share Options**"), which represented approximately 2.63% of the issued ordinary shares of the Company as at the end of the reporting period. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 52,099,998 additional ordinary shares of the Company and additional share capital of approximately HK$521,000 and share premium of approximately HK$61,999,000 (before issue expenses).

Details of the Share Options that remain outstanding as at 31 March 2017 are as follows:

Grant Date	Exercise Price HK$	Grantees	Number of Share Options: As at 1/4/2017	Granted	Exercised	Lapsed	As at 31/3/2018	Exercisable Period
2015 Share Option Scheme								
2/3/2016	1.20	Tung Yee Shing *(note 3)*	19,800,000	–	–	(19,800,000)	–	2/3/2016–1/3/2021
		Chan Yin Tsung	4,166,666	–	–	–	4,166,666	
		Li Kam Chung	4,166,666	–	–	–	4,166,666	
		Kwok Lap Fung, Beeson	4,166,666	–	–	–	4,166,666	
		Employees *(note 4)*	79,200,000	–	–	(39,600,000)	39,600,000	
		Total	111,499,998	–	–	(59,400,000)	52,099,998	

Notes:

(1) The closing market price per share as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 1 March 2016 was HK$1.17.

(2) The above share options granted are recognised as expenses in the consolidated financial statements in accordance with the Group's accounting policy as set out in note 2.4 to the consolidated financial statements. Other details of share options granted by the Group are set out in note 26 to the consolidated financial statements.

(3) Mr. Tung Yee Shing resigned as executive director of the Company on 11 December 2017. The Share Options granted to his were lapsed as a result of his resignation.

(4) During the year, 39,600,000 share options lapsed by reason of the grantees ceased to be employees of the Group.

(5) Except for above, no Share Options were granted, exercised, lapsed or cancelled during the years ended 31 March 2018 and 2017.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and neither the Directors nor any of their spouse or children under the age of 18, had any rights to subscribe for the securities of the Company, or exercised any such rights.

MANAGEMENT CONTRACTS

Save as disclosed above, no contract of significance had been entered into between the Company or any of the subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

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

As at 31 March 2018, so far as is known to any Directors or chief executive of the Company, other than the interests disclosed above in respect of the Directors and the chief executive, the following substantial shareholders 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, or as otherwise notified to the Company and the Stock Exchange:

Long position in the shares and underlying shares

Ordinary shares of HK$0.01 each of the Company

Substantial shareholder	Capacity	Number of ordinary shares	Approximate percentage of the issued share capital of the Company
Xu Jiao	Interest of controlled corporation *(Note a)*	450,000,000	22.73%
Kwok Tao Capital Investment Limited	Beneficial owner *(Note a)*	400,000,000	20.20%
深圳市鼎益豐資產管理股份有限公司	Interest of controlled corporation *(Note b)*	292,367,369	14.77%
HK DYF Int'l Holding Group Limited	Beneficial owner *(Note b)*	292,367,369	14.77%

Notes:

(a) Ms. Xu Jiao ("**Ms. Xu**") was deemed to be interested in these shares through her controlling interest in Kwok Tao Capital Investment Limited ("**Kwok Tao**"). Kwok Tao was owned as to 79% by Ms. Xu. Besides, 50,000,000 shares were beneficially owned by Goldstar Success Limited ("**Goldstar**"). Goldstar was in turn wholly-owned by Ms. Xu.

(b) 深圳市鼎益豐資產管理股份有限公司 ("**深圳市鼎益豐**") was deemed to be interested in these shares through its controlling interest in HK DYF Int'l Holding Group Limited ("**HK DYF**") which was owned as to 74.55% by 深圳市鼎益豐.

Save as disclosed above, no other parties had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange as at 31 March 2018.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the Year and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS

During the Year, the respective percentage of revenue attributable to the Group's five largest customers combined by value accounted for 72.1% in value of the revenue during the Year, while revenue attributable to the Group's largest customer by value accounted for 39.6% in value of the revenue during the Year.

At no time during the Year did the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in the major suppliers or customers noted above.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

Details of significant investments or material acquisitions for the Year are set out in note 28 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2018.

COMMITMENTS

Details of the commitments are set out in notes 31 and 32 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors and senior management of the Company is currently in force and was in force throughout the Year. The Group has appropriately purchased directors and officers liability insurance for the Year to minimize the risks of Directors and senior management for the performance of their corporate duties.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group believes that employees are valuable assets and the key element to sustain its growth and development. Thus the Group maintain a competitive remuneration package, discretionary bonus, training and occupational health and safety to retain the employees. The Group will consistently review the remuneration packages so as to competitive with the market. Further, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Customers and suppliers are another important elements for the Group to success. Thus the Group would value good relationship with the customers and suppliers by ways of providing high quality services and products to the customers, as well as maintaining a mutual trust and commitment with the suppliers.

EQUITY-LINK AGREEMENTS

During the Year, other than the 2015 Scheme as set out above and note 26 to the consolidated financial statements, the Company has not entered into any equity-linked agreement.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these consolidated financial statements for the year ended 31 March 2018, the Directors have selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Group.

ENVIRONMENTAL PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

Details of which are set out in the section headed "Chairman's Statement and Management Discussion and Analysis" on pages 25 to 32.

AUDITORS

A resolution for the re-appointment of Ascenda Cachet CPA Limited as the auditors of the Company for the subsequent year will be proposed at the AGM.

By order of the Board
Fung Kwok Kit
Chairman

Hong Kong, 29 June 2018

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain good corporate governance standard and procedures to (i) enhance management effectiveness and efficiency; (ii) increase the transparency of the Company; (iii) enhance risk management and internal control of the Company; and (iv) safeguard the interests of the Shareholders and the Company as a whole.

The Company has adopted the code provisions set out in Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") ("**CG Code**"). The Company was in compliance with all code provisions set out in the CG Code throughout the year ended 31 March 2018 (the "**Year**") except for the following deviations as explained:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any office with the title "chief executive officer". The board of directors (the "**Board**"/"**Directors**") is of the view that currently vesting the roles of chairman and chief executive officer in Mr. Fung Kwok Kit provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the Year.

The current corporate governance practice of the Company will be reviewed and updated in a timely manner in order to comply with the CG Code.

THE BOARD

Role of the Board

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

Board Composition

The Board currently has two executive Directors and three non-executive Directors. All the non-executive Directors are independent to ensure that proposed strategies protect all shareholders' interests.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on page 7 under the section headed "Biographical Details of Directors".

The Company has complied with Rule 3.10(1) of the Listing Rules to appoint at least three Independent Non-Executive Directors ("**INEDs**"), together with the requirements of Rule 3.10(2) of the Listing Rules stipulating that at least one of the INED must have appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. In addition, all INEDs do not involve in the daily management of the Company and there are no relationships or circumstances which would interfere with the exercise of their independent judgment. The Board considers that all of the INEDs are independent.

There is respective service contract between the Company and each Director with specific terms. All Directors are subject to re-election by shareholders at the annual general meetings of the Company ("**AGM**") and at least about once every three years on a rotation basis in accordance with the bye-laws of the Company. A retiring Director is eligible for re- election and re-election of retiring Directors at general meetings is dealt with by separate individual resolutions. No Director has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Shareholders may propose a candidate for election as Director in accordance with the bye-laws of the Company. The procedures for such proposal are posted on the website of the Group.

Chairman of the Board

The Chairman of the Board is Mr. Fung Kwok Kit, one of the executive Directors of the Company. The Chairman is responsible for providing leadership to, and overseeing, the functioning of the Board and, with the support of executive Directors and the Company Secretary, seeking to ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive adequate and reliable information in a timely manner. The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders and other stakeholders, as outlined later in the report.

The Company does not at present have an office with the title "chief executive officer". The Board is of the view that currently vesting the roles of chairman and chief executive officer in Mr. Fung Kwok Kit provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

Board Meetings

The Directors can attend meetings in person or through other electronic means of communication in accordance with the bye-laws of the Company.

The Board meets regularly with meeting dates scheduled in advance. Between scheduled meetings, senior management of the Group provides to Directors on a regular basis monthly updates and other information with respect to the performance, and business activities and development of the Group. Throughout the Year, Directors participate in the consideration and approval of routine and operational matters of the Company by way of circular resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Group's Company Secretary ("**Company Secretary**") and other executives as and when required. Whenever necessary, additional Board meetings are held. Notice is given to all Directors so as to give them an opportunity to attend. Board papers are circulated not less than three days before the date of a Board meeting to enable the Directors to make informed decision on matters to be raised at the Board meetings. Board minutes are kept by the Company Secretary and are open for inspection by the Directors. In addition, Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors and they are at liberty to propose appropriate matters for inclusion in Board agendas.

During the Year, the Company held 5 Board meetings and the 2017 AGM on 29 August 2017. The attendance of each Director is set out as follows:

Name of Directors	Board Meeting Attended/ Eligible to Attend	2017 AGM Attended
Executive Directors		
Mr. Fung Kwok Kit, *Chairman* (appointed on 27 October 2017)	2/2	
Mr. Zhong Can (appointed on 27 October 2017)	2/2	
Mr. Tung Yee Shing (resigned on 11 December 2017)	4/4	✓
Independent Non-executive Directors		
Mr. Chan Yin Tsung	5/5	
Mr. Li Kam Chung	4/5	✓
Mr. Kwok Lap Fung, Beeson	5/5	✓

The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation.

Directors' Training

All Directors have participated in continuous professional development and provided a record of training they received for the Year to the Company. In addition to their own participation in professional training, relevant training and reading materials was provided to the Directors by the Company in the Year to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Year.

Board Committees

The Board is supported by three permanent board committees: the Audit Committee, the Remuneration Committee and the Nomination Committee, details of which are described later in this report. The terms of reference for these Committees, which have been reviewed and revised with reference to the CG Code and adopted by the Board, are available on the websites of the Group and the Stock Exchange.

COMPANY SECRETARY

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to Directors comprehensive meeting agendas and papers. Minutes of all Board meetings and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Committee, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors and Committee members respectively for comments and records and are available for inspection by any Director upon request.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group. From time to time, he organises seminars on specific topics of significance and interest and disseminate reference materials to the Directors for their information.

The Company Secretary is also directly responsible for the Group's compliance with all obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on their obligations for disclosure of interests and dealings in the Group's securities, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

The appointment and removal of the Company Secretary is subject to Board approval in accordance with the bye-laws of the Company. Whilst the Company Secretary reports to the Chairman, all members of the Board have access to the advice and service of the Company Secretary. The Company Secretary has been appointed as the Company Secretary of the Company since 2017 and has day-to-day knowledge of the Group's affairs. In response to specific enquiries made, the Company Secretary confirmed that he has complied with all the required qualifications, experience and training requirements of the Listing Rules.

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group and ensuring that the statements give a true and fair presentation in accordance with statutory requirements and applicable accounting standards. The Directors ensure the publication of the Group's consolidated financial statements in a timely manner.

The statement of the Group's Auditors about their reporting responsibilities on the accounts of the Group is set out in the Independent Auditors' Report on pages 33 to 38 of this Annual Report.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Audit Committee

The Company established the Audit Committee with written terms of reference on 9 January 2012. The terms of reference of the Audit Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the CG Code. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Chan Yin Tsung (Chairman of the Audit Committee), Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson. The Chairman of the Audit Committee has the appropriate professional qualification as required by the Listing Rules.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the interim and annual reports and consolidated financial statements of the Group; and overseeing the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and internal control procedures.

The Audit Committee meets the external auditors regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

The Audit Committee held two meeting during the Year.

Name of Members	Attended/ Eligible to Attend
Mr. Chan Yin Tsung *(Chairman)*	2/2
Mr. Li Kam Chung	2/2
Mr. Kwok Lap Fung, Beeson	2/2

The Board also delegated certain corporate governance functions to the Audit Committee, including the review and monitoring of (a) the Group's policies and practices on corporate governance and make recommendations to the Board; (b) the training and continuous professional development of Directors and senior management; (c) the Group's policies and practices on compliance with legal and regulatory requirements; (d) the code of conduct of the Group applicable to employees and Directors; and (e) the Group's compliance with the Code and disclosure in the Corporate Governance Report.

External Auditors

The Audit Committee reviews and monitors the external auditors' independence and objectivity and effectiveness of the audit process. It receives each year the letter from the external auditors confirming their independence and objectivity and holds meetings with representatives of the external auditors to consider the scope of their audit, approve their fees, and the scope and appropriateness of non-audit services, if any, to be provided by them. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditors.

The accounts for the Year were audited by Ascenda Cachet CPA Limited whose term of office will expire upon the forthcoming AGM. The Audit Committee has recommended to the Board that Ascenda Cachet CPA Limited be re- appointed as the auditors of the Company at the forthcoming AGM.

Auditors' Remuneration

During the Year, the total remuneration in respect of statutory audit and non-audit services provided by the Company's external auditors, Ascenda Cachet CPA Limited, are as follows:

Nature of services	Amount (HK$'000)
Audit services	750
Other assurance services	–

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibilities for the establishment and maintenance of an adequate and effective internal control systems for the Group in order to safeguard the Group's assets against unauthorised use or disposition, and to protect the shareholders' interests, as well as for reviewing the effectiveness of such systems. The Board will from time to time conduct a review of the Group's internal control system. During the Year, the Board, through the Audit Committee, conducted an annual review of the overall effectiveness of the system of internal control of the Group over financial, operational and compliance issues, risk management process, information systems security, scope and quality of the management's monitoring of risks and the effectiveness of financial reporting and compliance with the Listing Rules. The Board considered that the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget were adequate. The Board concluded that in general, the Group had set up a sound control environment and installed necessary control mechanisms to monitor and correct non- compliance.

REMUNERATION OF DIRECTORS

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference on 9 January 2012. The terms of reference of the Remuneration Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Remuneration Committee are aligned with the code provisions set out in the CG Code. The written terms of reference clearly define the role, authority and function of the Remuneration Committee.

The Remuneration Committee is currently chaired by Mr. Li Kam Chung with Mr. Chan Yin Tsung (both were Independent Non-executive Directors) as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. The Committee meets towards the end of each year for the determination of the remuneration package of Directors of the Group.

The principal duties of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating employees of the highest calibre and experience needed to shape and execute strategy across the Group's business operations. It includes making recommendations to the Board on the Company's policy and structure on the remuneration package of all Director and senior management remuneration and on the establishment of a fair and transparent procedure for developing remuneration policy.

The Company has adopted a share option scheme on 31 August 2015. The emoluments of Directors, including discretionary bonus and share options, are determined based on the duties and responsibilities of each Director and the Group's business performance. The Directors' fees were reviewed by the Remuneration Committee.

During the Year, the Remuneration Committee held its meeting once to review and approve the remuneration package of each Director. The attendance record is set out below.

Name of Member	Attended/ Eligible to attend
Mr. Li Kam Chung *(Chairman)*	1/2
Mr. Chan Yin Tsung	2/2
Mr. Tung Yee Shing (resigned on 11 December 2017)	2/2

Remuneration Policy

The remuneration payable to Directors depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee of the Company, the performance of the Group and the prevailing market conditions.

Emoluments of Directors

Details of the emoluments of the Directors for the Year are set out in note 7 to the consolidated financial statements.

NOMINATION OF DIRECTORS

Nomination Committee

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

The Company established the Nomination Committee with written terms of reference on 9 January 2012. The terms of reference of the Nomination Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Nomination Committee are aligned with the code provisions set out in the CG Code.

The Nomination Committee is currently chaired by Mr. Chan Yin Tsung with Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson as members. All the Nomination Committee members are INEDs of the Company.

The function of the Nomination Committee are to review and monitor the structure, size and composition of the Board and made recommendations on any proposed changes to the Board to complement the Group's strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman.

During the Year, the Nomination Committee held its meeting once to assess the independence of the INEDs, to consider the re-election of Directors and to review the composition of the Board. The attendance record is set out below.

Name of Member	Attended/ Eligible to attend
Mr. Chan Yin Tsung *(Chairman)*	2/2
Mr. Li Kam Chung	1/2
Mr. Kwok Lap Fung, Beeson	2/2

Board Diversity Policy

The Board has adopted a Board Diversity Policy on 28 November 2013 (the "**Policy**") which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board delegated certain duties under the Policy to the Nomination Committee. The Nomination Committee will discuss and review the measurable objectives for implementing the Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. The policy is subject to regular review by the Board to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports in accordance with the continuing disclosure obligations under the Listing Rules. An up-to-date consolidated version of the Bye-laws of the Company is published on the websites of the Group and the Stock Exchange.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. Shareholders are encouraged to attend all general meetings of the Company. The results of the poll are published on the websites of the Group and the Stock Exchange. Regularly updated financial, business and other information on the Group is made available on the Group's website for shareholders and stakeholders. Directors are requested and encouraged to attend shareholders' meetings albeit presence overseas for the Group businesses or unforeseen circumstances might prevent Directors from attending such meetings. Separate resolutions were proposed at 2016 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 29 August 2016.

Procedures for Putting Forward Proposed Resolution and Statements by Shareholders at Shareholders' Meeting

Shareholders may by a written request put forward a proposed resolution to or a statement of not more than one thousand words to a resolution at a general meeting. The number of shareholders necessary shall be any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates or not less than one hundred shareholders.

A copy or copies of requisition signed by all requisitionists shall be deposited to the company secretary at the Company's principal place of business in Hong Kong in the case of:

(i) a requisition requiring notice of a resolution, not less than six weeks before the general meeting unless the general meeting is called for a date six weeks or less after the copy has been deposited; and

(ii) any other requisition, not less than one week before the general meeting.

The Board shall include the proposed resolution in the agenda of the general meeting upon confirmation of the written requisition is proper and in order by the Company's share registrars and there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in serving and circulating the notice of the proposed resolution or the statement to a resolution in accordance with relevant statutory requirement to give effect thereto.

Shareholders to Convene a Special General Meeting

Shareholders holding at the date of deposit of the requisition ("**Requisition Date**") not less than one-tenth of the paid-up capital of the Company carrying the voting right at general meetings are entitled to request the Board to convene special general meeting ("**SGM**") by written requisition, duly signed by all the concerned shareholders and deposited to the company secretary of the Company at the principal place of business in Hong Kong.

Shareholders shall state the purposes of SGM in the written requisition and may consist of several documents in like form each signed by one or more of those concerned shareholders.

The written requisition will be verified by the Company's share registrar and upon their confirmation that such requisition is proper and in order, the Board shall convene SGM by serving the notice to all shareholders for passing special resolution by not less than 21 clear days' notice in writing and for ordinary resolution by not less than 14 clear days' notice in writing.

If the Board do not within twenty-one (21) days from the Requisition Date proceed to convene SGM and do not within two (2) months from the Requisition Date to hold the SGM, the concerned shareholders or any of them representing more than one half of the total voting rights of all of them, may convene a SGM themselves but the SGM shall be held within three (3) months from the Requisition Date.

Voting By Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of 2018 AGM will be voted by poll.

Written Communications by Shareholders to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Shareholders may send written enquiries, comments and suggestions to the Board or the Company addressed to the Company Secretary at the Company's principal place of business in Hong Kong by mail to Unit 3328D, 33rd Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Sheung Wan, Hong Kong or by email at info@zdihl.com.

By order of the Board
Wong Kin Chung
Company Secretary

Hong Kong, 29 June 2018

Zhidao International (Holdings) Limited and its subsidiaries (the "**Group**") is committed to ethical corporate citizenship and to promoting sustainability in all of its activities. The Group demonstrates these commitments through transparent and responsible management of our environment and social values. These values respect and are informed by those of all of our stakeholders, including the communities with which the Group interact.

The Group publishes its Environment, Social and Governance Report (the "**ESG Report**") which is prepared for the year ended 31 March 2018 in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"), and on the basis of the material aspects that the Group and its stakeholders concerned. Unless otherwise stated, the scope of this ESG report focuses on the operations in Hong Kong.

STAKEHOLDER ENGAGEMENT

The Group understands the importance of developing long-term relationships and constant dialogues with various stakeholders. We seek to balance the views and interests of these various constituencies through constructive conversation. The following table provides an overview of the Group's key stakeholders and different ways used by the Group to communicate with the key stakeholders:

Stakeholder	Possible concerned issues	Engagement channel
Shareholders/Investors	— Corporate governance system; — Business strategies and performance; — Investment returns; — Ensuring shareholders' rights and interests; and — Information disclosure and transparency	— Annual general meeting and other shareholder meetings; — Annual reports, interim reports and announcements; — Websites of our Company and of the Stock Exchange, respectively; and — Newsletter
Government/Regulators	— Compliance of laws and regulations; — Proper tax payment; — Promote regional economic development and employment; and — Make proper and timely disclosures	— Government inspections; — Tax returns; — Participation in seminars; — Special inquiry/inspection; — Compliance reports; — Proper submission of documents; and — Website of our company
Customers	— Product responsibility; — Privacy protection; and — Maintains clear and transparent relationship	— Daily operation/interaction; — Website of our Company and annual reports; — Email and telephone interviews; and — Regular meeting
Suppliers	— Code of conduct of suppliers; — Suppliers' evaluation; and — Cooperation with suppliers	— Face to face interviews; — Site visits; — Web browsing; — Viewing of suppliers' annual report; — Supplier's brochures; and — Daily communication

Stakeholder	Possible concerned issues	Engagement channel
Employees	— Equal employment opportunity; — Remuneration and welfare; — Staff training; — Career development; — Humanistic care; and — Staff health and safety management	— Conference meeting; — Labour contract; — Accident insurance; — Daily communication; — Working environment; — Trainings and seminars; — Regular individual interviews with employees; and — Intranet and emails
Public and Communities	— Community involvement; — Social responsibilities; and — Focus on environmental protection activities	— Social investment; — Annual reports, interim reports and announcements; and — Environmental protection activities

ENVIRONMENTAL

Emissions

The Group recognises the importance of good environmental stewardship and a healthy environment. Therefore, the Group is dedicated to maintaining its energy consumption and emission at low level in every single step. The Group strived to enhance operational efficiency and carried out measures to reduce the impact on the environment in order to protect the earth's resources.

Since the Group mainly operates its business in the offices, the impacts on the environment mainly arise from the energy consumption, paper consumption and carbon emission due to the use of energy. For the sake of environmental protection and energy conservation, the Group has taken a series of environmental protection measures in its offices. For details, please refer to the following two sections "Energy and Water Conservation" and "Green Operation" respectively.

During the reporting period, the Group did not involve any business in production of related air, water, land pollutions and hazardous waste, and had no non-compliance cases regarding violation of relevant environmental laws and regulations. Nonetheless, the Group has actively implemented eco-friendly measures to reduce carbon footprint in the business operations.

The environmental performance in financial year ended 31 March 2018 is summarized in the following table:

Greenhouse gas ("GHG") emissions[1]	Unit	2018
Direct GHG emissions ("**Scope 1**")[2]	Tonnes CO_2e	–
Energy indirect GHG emissions ("**Scope 2**")[3]	Tonnes CO_2e	10.20
Indirect GHG emissions ("**Scope 3**")[4]	Tonnes CO_2e	0.53
Total Scopes 1, 2 and 3 GHG emissions	Tonnes CO_2e	10.73
Total GHG emissions per floor area	Tonnes CO_2e/m^2	0.05
Hazardous and non-hazardous waste	**Unit**	**2018**
Total hazardous waste[5]	Tonnes	–
Total non-hazardous waste[5]	Tonnes	7.38

1 The environmental data covered our operations in Hong Kong.

2 The operations are mainly office-based; no fuel consumption is recorded during the reporting period; and the building management manage the air conditioning of the office buildings, therefore, no direct GHG emission ("**Scope 1**") identified in our operations.

3 Energy indirect GHG emissions ("**Scope 2**") derived from purchased electricity consumption.

4 Indirect GHG emissions ("**Scope 3**") only covered the greenhouse gas emissions generated from the paper consumption.

5 The operations do not generate hazardous waste. The management of general waste is controlled by building management of the office building. The amount of waste reported is based on the best estimates and consists of general waste and waste paper.

Mitigate emissions

There was no direct greenhouse gas ("**GHG**") emissions identified in the operations in Hong Kong. Nevertheless, the Group has been striving to reduce GHG emissions by adopting appropriate measures . For instance, board meetings/management meetings through telephone conference have significantly been adopted to minimize the cost of transportation and to reduce carbon emission. The Group also implements measure to avoid all unnecessary business trips, and besides, we always prefer direct flights and economy class, and encourages employees using public transportation in order to lower the carbon footprint from transportation. For instance, replacing private transport with public transport, such as MTR, buses, minibuses and etc., which can reduce over 5 kg of CO_2- emissions by taking public transport per ride. The Group reduce travelling abroad by airplane as airplanes are the most polluting form of transport, therefore, avoid a round-trip flight between Hong Kong and China, which can avoid from producing at least 0.02 tonnes of CO_2- emissions per passenger. Moreover, the Group aims to raise employee awareness of environmental protection through training, posters and network sharing, which ensures effective implementation of the relevant energy-saving and emission reduction measures within the Group.

Wastes Reduction

The Group does not generate any hazardous waste. Waste produced by the Group is mainly from office operation, which includes mainly daily garbage and waste paper generated by staff, the building management of the office building manage the general waste.

4Rs principles of reduce, reuse, recycle and replace have been widely adopted throughout the Group. We separate all recyclable paper waste from other wastes at source in order to convenient the current cleaning contractor to do further garbage sorting and recycling. For the used printed papers, confidential documents are destroyed with a shredder while general documents are put in waste paper recycling boxes at offices. We also use recycled toner cartridges and recycled repositionable notes, and reuse office supplies such as document files, clips and envelopes until worn out. Moreover, disposable and non-recyclable products are always reduced by us in our office, and we encourage to use reusable products to replace disposable items. In addition, employees always evaluate the usage of office supplies to avoid overstock.

Use of Resources

The Group is committed to protecting the environment by enhancing the operational efficiency and energy efficiency to reduce energy and water consumption by initiatives.

The key resources consumption in financial year ended 31 March 2018 is summarized in the following table:

Use of Resources[1]	Unit	2018
Indirect energy consumption[2]	kWh	12,912
Indirect energy consumption per floor area	kWh/m^2	55.42
Running water consumption[3]	m^3	–
Total packaging material consumption[4]	Tonnes	–

1 The environmental data, which included energy, water, packaging, waste and paper data, covered the operations in Hong Kong.

2 Indirect energy consumption derived from purchased electricity consumption.

3 The water resources come from supply of the office building. water supply and its discharges are controlled by building management of the office buildings, and therefore no data on running water consumption is disclosed in this report.

4 Total packaging material used for finished products is not applicable to us, as we do not consume packaging materials from our operations.

Energy and Water Conservation

In order to reduce electricity and water consumption, the Group has implemented various energy-saving and water conservation measures in its offices and encourages its employees to respond through their practical actions to reduce electricity and water consumption to the utmost. Detailed energy-saving and water conservation measures of the Group are set out as below:

- Using air conditioning arrangements in the office to reduce unnecessary energy wastage;
- Using power saving features on computers and office equipment.
- Encouraging staff members to turn off lights and air-conditioners when not needed, especially after office hours;
- Turning off electronic devices, computers and display screens in the office during non-working hours;
- Switching off certain lights on condition of providing comfortable lighting;
- Selecting lighting fixtures with high energy efficiency;
- Purchasing office facilities with high energy efficiency;
- Although water pipe maintenance, water supply and its discharges are controlled by building management of the office buildings, the Group still encourages employees to save water, including encourages employees to inform leaking faucets or pipes to building management if they discover any; encourages its employees only washing tableware, cups and glasses with a full load, and cut down the rinse cycle if possible; encourages employees avoiding flushing unnecessarily; and
- Put up energy and water saving signs to improve employees' environmental awareness.

Packaging material

During the reporting period, the Group has not used or produced any packaging materials (i.e. product boxes and labels).

The Environmental and Natural Resources

The Group does not have any direct and significant impacts on the environment and natural resources in the course of its operation, nevertheless, the Group believes that corporate development should not come at the expense of the environment. By adopting environmental friendly practices in various aspects and company events, the Group is committed to mitigate the environmental impact and acting in a manner that is both environmentally and socially responsible.

Green Operation

The Group promotes paperless office, encouraging its employees to make the best of computers to reduce paper usage. The employees use e-mails or intranet to disseminate information among themselves, and adopts electronic document management system for document archiving. The daily communication with customers is conducted via e-mails to the possible extent. The Group's publications provided electronic versions to reduce paper consumption. When it is necessary to print any document, employees are required to print double sided to save papers. We also strive to cut down on paper for memo. Moreover, the Group uses environmentally friendly paper from farmed trees which helps to save trees from natural forests and reduces the global warming.

The Group also undertakes computer regular maintenance to ensure of efficient operation and to extend the life-cycle of the computers.

SOCIAL

Employment and Labour Practices

Employment

The Group endeavors to create favorable working environment and platform for the employees to put their capabilities to use and rewards outstanding employees with generous treatment. The Group adopts fair and open recruitment mechanism to safeguard employment opportunities for all walks of life and show due respect to all the staff, regardless of age, gender, race, nationality, religion, marital status or disability. We strictly abide by labour regulations, including but not limited to the "Employment Ordinance of Hong Kong", of where the Group operates. In case of material violations of disciplines of the Group or laws and rules by any employee, the Group will not indulge and will undertake serious punishment or even discharge such employee concerned so as to safeguard the interests of the Group and customers.

Compensation Package

The Group provides rather attractive remuneration and welfares and guarantees adequate recognition and rewards for excellent employees through internal incentive mechanism and remuneration adjustment mechanism. Along with a competitive salary package, we offer discretionary bonus system to recognise performance. This measure aims at establishing a fair and reasonable mechanism for managing remuneration and providing performance incentives to boost employee loyalty and cohesiveness.

For employee benefits, employees are entitled to mandatory provident fund and are scheduled to take vacations and be off duty at the weekend in accordance with relevant laws and regulations. The Group also allocates incentive share options to excellent employees to unite them with the Group for common interests, establish a joint growth concept and own and enjoy the fruitful achievements together.

Health and Safety

The Group strives to promote safety awareness, improve occupational environment and reduce occupational risks. We continuously promote safety awareness among employees and committed to providing a healthy and safe working environment for our employees. The Group has dedicated adequate resources and effort to uphold and improve the Group's safety management measures in order to reduce the risks relating to labour safety, such as: ensuring a healthy and safe workplace and compliance with all relevant workplace health and safety laws, and maintaining various insurance policies for employees' compensation and liability.

Staff Safety

It is obligatory for the Group to guarantee the health and safety of the staff. Only under healthy physical conditions and in safe working environment can the staff concentrate on the work at ease. The Group provides relevant accident insurance for the staff to further guarantee staff safety in their routine work in line with the relevant laws and regulations. Such insurance relieves risks arising from unintentional injuries to an adequate extent that the staff are placed in safe and harmonious working and living surroundings.

There were no work related fatalities and no lost days due to work injury during the year ended 31 March 2018.

Development and Training

Knowledgeable employees who are capable to meet the demands of a dynamic market is crucial to the success of the Group. Training is an important path to improve the overall quality and provide comprehensive development of the employees. The Group encourages staff to attend trainings and industry regulatory updates seminars which are organised by various professional bodies and regulators, and also provides learning opportunities for employees to enhance the competence, job skills, knowledge and performance of staff, for instance, we sponsored our employees to take part in seminars and workshops which are offered by professional bodies during the reporting period. The Group also encourages the employees to identify their own personal objectives for development, allowing them to grow together with the Group.

Labour Standards

The Group respects and upholds the internationally accepted human rights and consciously resists any disregard and abuse of human rights. In strict compliance with relevant laws, the Group strictly prohibits the use of child labor and forced labor, enters into labor contracts with the staff in line with the equal rule and consensus principle and has formulated relevant management systems to protect staff privacy. The Group contributes various employees benefits, provides reasonable salaries and welfares, makes vacation and paid leave arrangements and adopts the mechanism of the eight-hour shift for five days in row for the staff according to the regulations. Moreover, the Group guarantees the entitlements of the staff to the rights to obtain work safety and health protection, receive vocational trainings, receive employees benefits and welfares and apply for labor dispute settlement as well as other labor rights under laws. Such full protection under regulations and systems enables the staff to devote themselves to the work of the Group without misgivings. The Group believes in nurturing and developing top talents regardless of race, gender, age, religious belief, pregnancy, marital status, family status or disability. This measure ensures all employees and job applicants enjoy equal opportunities and fair treatment.

The Group had no non-compliance cases regarding violation of relevant child labour and forced labour laws during the year ended 31 March 2018 .

Operating Practices

Supply Chain Management

The Group recognize that a responsible supply chain management is vital to our business. We will be able to minimize risks and seize business opportunities through ensuring responsible management of our supply chain.

The Group communicates to suppliers of the Group's expectations and the requirements that the suppliers and their employees must abide by. Moreover, the Group maintains good communication with suppliers and conducts regular review based on their quality of services and products, social responsibility and business ethicsm through face to face interviews, site visits, web browsing or perusal of their annual report. The aspects including their quality of services and products, social responsibility and business ethicsm are also the key criteria used for supplier selection.

Product Responsibility

Customer Services

The Group is accountable to customers with its strict and standard operation, gains customer satisfaction with high quality professional services and maintains clear and transparent relationships with customers. The staff follow the operational structure of the Group in business operation and important business operations are subject to control by administrative and management personnel. Customer feedback is invaluable as the Group operates in extremely competitive markets. There are a number of channels to solicit customer comments and recommendations such as through our website and email communications. The strict management structure allows the Group to effectively control customer service, and at the same time carefully listen to the voice of customers and effectively handle customer complaints, to provide satisfactory services to customers to the greatest extent. The Group also prohibits any acts prejudice to the interests of customers, and protects customers' privacy from leakage in any form. Meanwhile, we will evaluate customers' performance in the environmental, social and corporate governance, to reduce their risks, with a view to achieve a win-win situation with customers.

Protection of Customers' Data

The Group places vast effort on protecting the privacy of its customers, partners and employees in the collection, processing and use of their personal data. The Group adheres to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and ensures that customers' personal data is securely kept and processed only for the purposes of which it has been collected .

During the reporting period, the Group was not aware of any incidents of non-compliance with relevant regulations and codes concerning health and safety, advertising, labelling and privacy matters relating to the provision of the Group's products and services, simultaneously, received no complaint or litigation due to violation of any national or regional laws and regulations in relation to the provision of commercial services.

Anti-corruption

The Group resolutely resists commercial bribery, extortion, fraud, money laundry and other illegal operations and prohibits any acts that might harm the interests of customers and the Group, and to adopt zero-tolerance principles against corrupt practices.

The Group abides by the relevant laws and regulations on anti-corruption, including but not limited to the "Prevention of Bribery Ordinance" of Hong Kong, to normalize operations, prevent jobbery and reduce the risk of the Group to safeguard the legitimate interests of the Group.

The Group has an independent internal audit function carrying out independent and objective supervision and evaluation, and reviews the appropriateness, legality and effectiveness of operations and internal control to promote steady operation.

During the year, the management of the Group did not find any cases of bribery or fraud. Through the controlled environment developed by all staff throughout the years, the Group believes that the risk of the occurrence of fraud behavior has been minimised. The Group will continue to monitor the related risks so as to maximise the values for the shareholders and other related parties.

There was no non-compliance case noted in relation to corruption related laws and regulations as of 31 March 2018.

Community Investment

The Group believes business investment will create job opportunities and improvement in economy in the long term, which will eventually lead to prosperity in the local community. During the year, the Group continued the strategy in seeking business opportunities and commencing investments, which make a significant contribution to employment, tax revenue and community development of local community.

INDEPENDENT AUDITOR'S REPORT

Ascenda CACHET
天健德揚

13F Neich Tower
128 Gloucester Road
Wanchai Hong Kong

To the members of Zhidao International (Holdings) Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Zhidao International (Holdings) Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 39 to 115, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability assessment for trade receivables, loan and interest receivables	
Reference is made to notes 2.4 and 3 to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and notes 16 and 17 to the consolidated financial statements for further information. The carrying amount of the Group's trade receivables, loan and interest receivables were approximately HK$8,500,000 and HK$27,471,000, respectively, as at 31 March 2018. The recoverability of both of trade receivables, loan and interest receivables are estimated by the management through the application of judgment and estimation. The Group's policy for recognition of impairment on trade receivables, loan and interest receivables is based on the evaluation of recoverability, ageing analysis and on management's judgement. A considerable amount of judgement is required in assessing the recoverability of the trade receivables, loan and interest receivables including the current creditworthiness and the past collection history of the debtors, the borrowers and the guarantors, or any of its underlying pledged assets and securities, if any.	Our procedures in relation to management's assessment of the recoverability of trade receivables, loan and interest receivables included: — Obtaining an understanding of how management estimated the recoverability of trade receivables, loan and interest receivables and evaluating the historical accuracy of the impairment estimation by management (including revision of the loan agreements, and assessment of the collectability of the debtors, the borrowers, the guarantors, or any of its underlying pledged assets and securities, if any); — Reviewing management's assessment of whether indicators of impairment exist and evaluating this assessment, including a challenge of the validity and completeness of the indicators identified with reference to our knowledge of the business obtained elsewhere in our audit (e.g. the current creditworthiness and the past collection history of the debtors, the borrowers, the guarantors, or any of its underlying pledged assets and securities, if any); — Assessing the basis of management's assessment of recoverability of trade receivables, loan and interest receivables with reference to the management's evaluation of debtors or borrowers' creditworthiness, debtors or borrowers' credit history including default or delay in payments, debtors or borrowers' settlement records, subsequent settlements from debtors or borrowers and ageing analysis of each individual debtors or borrowers; and — Recalculating the amount of the impairment on trade receivables, loan and interest receivables and assessing the sufficiency of the impairment as at 31 March 2018.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for liabilities from guarantees and Recoverability assessment of corresponding receivables for default guarantee payments and receivables from guarantee customers	
Reference is made to notes 2.4 and 3 to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and notes 24 and 18 to the consolidated financial statements for further information. Included in the carrying amount of the Group's provision for liabilities from guarantees and corresponding receivables for default guarantee payments and receivables from guarantee customers of approximately HK$48,357,000 and HK$15,625,000, respectively, as at 31 March 2018 was (i) a provision that the holder of the financial guarantee contract (the "**Guarantee Contract**") probably called upon the Group under the Guarantee Contract, or the claims (the "**Claims**") on the Group is expected to exceed the amount currently carried in deferred income in respect of the Guarantee Contract; and (ii) the corresponding receivables for default guarantee payments and receivables from guarantee customers to cover the Claims. The provision for liabilities from guarantees and the recoverability of receivables for default guarantee payments and receivables from guarantee customers are estimated by the management through the application of judgment and estimation. The Group's policy for recognition of (i) the provision for liabilities from guarantees is based on prior experience and default history of the business and on management's judgement; and (ii) the impairment on receivables for default guarantee payments and receivables from guarantee customers is based on the evaluation of recoverability, ageing analysis and on management's judgement. A considerable amount of judgement is required in assessing (i) the claims on the Group expected to probably exceed the amount currently carried in deferred income in respect of the Guarantee Contract; (ii) the recoverability of these receivables for default guarantee payments and receivables from guarantee customers, including the current creditworthiness and the past collection history of the customers or any of its underlying pledged assets and securities, if any.	Our procedures in relation to management's assessment of provision for liabilities from guarantees and the recoverability assessment of the receivables for default guarantee payments and receivables from guarantee customers included: — Obtaining an understanding of how management estimated (i) the provision for liabilities from guarantees; and (ii) the recoverability of receivables for default guarantee payments and receivables from guarantee customers and evaluating the historical accuracy of the impairment estimation by management (including revision of the Guarantee Contract, and assessment of the collectability of the customers or any of its underlying pledged assets and securities, if any); — Reviewing management's assessment of whether indicators of impairment exist and evaluating this assessment, including a challenge of the validity and completeness of the indicators identified with reference to our knowledge of the business obtained elsewhere in our audit (e.g. the current creditworthiness and the past collection history of the customers or any of its underlying pledged assets and securities, if any); — Assessing the basis of management's assessment of recoverability of receivables for default guarantee payments and receivables from guarantee customers with reference to the management's evaluation of customers' creditworthiness, customers' credit history including default or delay in payments, customers' settlement records, subsequent settlements from customer and ageing analysis of each individual customers; and — Recalculating the amount of (i) provision for liabilities from guarantees; and (ii) the impairment on receivables for default guarantee payments and receivables from guarantee customers and assessing the sufficiency of the impairment as at 31 March 2018.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company (the "**Directors**") are responsible for the other information. The other information comprises 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 THE 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 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 Company or to cease operations or have no realistic alternative but to do so.

The Directors are assisted by the Audit Committee 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. Our report is made solely to you, as a body, 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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 Chan Chi Yuen.

Ascenda Cachet CPA Limited
Certified Public Accountants

Chan Chi Yuen
Practising Certificate Number P02671

Hong Kong
29 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2018

	Notes	**2018 HK$'000**	2017 HK$'000
REVENUE	*5*	**20,865**	23,437
Cost of sales	*6*	**(7,508)**	(7,489)
Gross profit		**13,357**	15,948
Other income and gains	*5*	**33,852**	5,568
General and administrative expenses		**(12,636)**	(14,445)
Impairment of trade receivables	*16*	**(1,280)**	–
Impairment of other receivables		**(3,348)**	–
Impairment of receivables for default guarantee payments and receivables from guarantee customers	*18*	**(24,870)**	(11,846)
Impairment of investment in associates	*14*	**–**	(181)
Impairment of amount due from associates	*14*	**(1,240)**	(79)
PROFIT/(LOSS) BEFORE TAX	*6*	**3,835**	(5,035)
Income tax expense	*9*	**(1,310)**	(8,589)
PROFIT/(LOSS) FOR THE YEAR		**2,525**	(13,624)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**6,414**	(266)
Release of translation reserve upon the disposal of a subsidiary	*29(b)*	**–**	583
NET OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**6,414**	317
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**8,939**	(13,307)
Profit/(Loss) attributable to:			
Owners of the Company		**2,525**	(13,624)
Non-controlling interests		**–**	–
		2,525	(13,624)
Total comprehensive income attributable to:			
Owners of the Company		**8,939**	(13,307)
Non-controlling interests		**–**	–
		8,939	(13,307)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*10*		
Basic		**0.13 cents**	(0.69) cents
Diluted		**0.13 cents**	(0.69) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**4,342**	4,350
Investment property	13	**3,493**	3,254
Prepayments	19	**462**	577
Interests in associates	14	**18,500**	19,740
Total non-current assets		**26,797**	27,921
CURRENT ASSETS			
Inventories	15	**–**	942
Trade receivables	16	**8,500**	10,164
Loan and interest receivables	17	**27,471**	69,454
Receivables for default guarantee payments and receivables from guarantee customers	18	**15,625**	26,297
Prepayments, deposits and other receivables	19	**73,926**	27,302
Tax recoverable		**484**	–
Equity investments at fair value through profit or loss	20	**51,980**	–
Pledged bank deposits	21	**35,823**	37,306
Cash and cash equivalents	21	**265,630**	290,287
Total current assets		**479,439**	461,752
CURRENT LIABILITIES			
Trade payables	22	**–**	1,716
Other payables and accruals	23	**2,732**	2,364
Liabilities from guarantees	24	**48,357**	38,189
Tax payables		**–**	1,196
Total current liabilities		**51,089**	43,465
NET CURRENT ASSETS		**428,350**	418,287
TOTAL ASSETS LESS CURRENT LIABILITIES		**455,147**	446,208
Net assets		**455,147**	446,208
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	**19,800**	19,800
Reserves	27	**435,347**	426,408
Total equity		**455,147**	446,208

Fung Kwok Kit
Chairman

Zhong Can
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium account HK$'000 (note 27(i))	Capital reserve HK$'000 (note 27(ii))	Translation reserve HK$'000 (note 27(iii))	Share option reserve HK$'000 (note 27(iv))	Regulatory reserve HK$'000 (note 27(v))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2016	19,800	485,679	–	(105)	70,377	–	(116,236)	459,515	–	459,515
Loss for the year	–	–	–	–	–	–	(13,624)	(13,624)	–	(13,624)
Other comprehensive income for the year:										
— Exchange differences on translation of foreign operations	–	–	–	(266)	–	–	–	(266)	–	(266)
— Disposal of a subsidiary *(note 29(b))*	–	–	–	583	–	–	–	583	–	583
Total comprehensive income for the year	–	–	–	317	–	–	(13,624)	(13,307)	–	(13,307)
Regulatory reserve appropriation	–	–	–	–	–	63	(63)	–	–	–
Transfer of share option reserve upon lapsing of share options *(note 26)*	–	–	–	–	(10,613)	–	10,613	–	–	–
At 31 March 2017 and 1 April 2017	**19,800**	**485,679***	**–***	**212***	**59,764***	**63***	**(119,310)***	**446,208**	**–**	**446,208**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**2,525**	**2,525**	**–**	**2,525**
Other comprehensive income for the year:										
— Exchange differences on translation of foreign operations	**–**	**–**	**–**	**6,414**	**–**	**–**	**–**	**6,414**	**–**	**6,414**
Total comprehensive income for the year	**–**	**–**	**–**	**6,414**	**–**	**–**	**2,525**	**8,939**	**–**	**8,939**
Regulatory reserve appropriation	**–**	**–**	**–**	**–**	**–**	**(63)**	**63**	**–**	**–**	**–**
Transfer of share option reserve upon lapsing of share options *(note 26)*	**–**	**–**	**–**	**–**	**(31,838)**	**–**	**31,838**	**–**	**–**	**–**
At 31 March 2018	**19,800**	**485,679***	**–***	**6,626***	**27,926***	**–***	**(84,884)***	**455,147**	**–**	**455,147**

* These reserve accounts comprise the consolidated reserves of approximately HK$435,347,000 (2017: HK$426,408,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		**3,835**	(5,035)
Adjustments for:			
Bank interest income	5	**(816)**	(24)
Dividend income from equity investments at fair value through profit or loss	5	**(106)**	–
Fair value gains on equity investments at fair value through profit or loss	5	**(32,125)**	–
Gain on bargain purchase	5, 28	**–**	(2,125)
Gain on disposal of subsidiaries	5, 29	**(25)**	(3,408)
(Gain)/Loss on disposal of property, plant and equipment		**(14)**	61
Other interest income	5	**(248)**	–
Depreciation of property, plant and equipment	12	**128**	62
Depreciation of investment property	13	**77**	23
Impairment of trade receivables	16	**1,280**	–
Impairment of other receivables		**3,348**	–
Impairment of receivables for default guarantee payments and receivables from guarantee customers		**24,870**	11,846
Impairment of investment in associates	14	**–**	181
Impairment of amount due from associates	14	**1,240**	79
		1,444	1,660
Decrease/(Increase) in inventories		**1,034**	(358)
Decrease in trade receivables		**546**	85,246
Decrease in loan and interest receivables		**41,982**	33,770
Increase in receivables for default guarantee payments and receivables from guarantee customers		**(11,638)**	(31,145)
Increase in prepayments, deposits and other receivables		**(47,190)**	(6,455)
Increase in equity investments at fair value through profit or loss		**(19,749)**	–
(Decrease)/Increase in trade payables		**(1,883)**	1,641
Increase/(Decrease) in other payables and accruals		**337**	(873)
Increase in liabilities from guarantees		**6,450**	37,019
Cash generated (used in)/from operations		**(28,667)**	120,505
Hong Kong profits tax paid		**(2,913)**	(926)
PRC income tax paid		**(79)**	(175)
Net cash flows (used in)/from operating activities		**(31,659)**	119,404

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		**816**	24
Other interest received		**248**	–
Purchases of items of property, plant and equipment	12	**–**	(7)
Proceeds from disposal of property, plant and equipment		**318**	44
Acquisition of subsidiaries	28	**–**	(66,122)
Acquisition of associates		**–**	(181)
Advance to loan to an associate		**–**	(19,819)
Net inflow/(outflow) of cash and cash equivalent in respect of the disposal of subsidiaries	29	**25**	(2,477)
Decrease in pledged bank deposits		**5,115**	290
Net cash flows from/(used in) investing activities		**6,522**	(88,248)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(25,137)**	31,156
Cash and cash equivalents at beginning of year		**290,287**	259,378
Effect of foreign exchange rate changes, net		**480**	(247)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**265,630**	290,287
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**265,630**	290,287

1. CORPORATE AND GROUP INFORMATION

Zhidao International (Holdings) Limited (the "**Company**") is a limited liability company incorporated in Bermuda on 8 July 1997. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is situated at Unit 3328D, 33th Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Sheung Wan, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively, the "**Group**") is principally engaged in (i) trading of aluminium products (ii) supply of aluminium products in the construction projects; (iii) money lending business; and (iv) provision of financing guarantee services in the People's Republic of China (the "**PRC**").

During the year, the Group entered into an engineering, development and construction contract for a mining project in Pakistan (the "**Construction Contract**"). Pursuant to the Construction Contract, the Group shall be the contractor which provides engineering, development and construction services to a Pakistan Company on an exclusive basis. However, the Group has not yet commenced any engineering, development and construction of the mining project during the year.

The shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 23 September 1997.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ and business	Issued ordinary/ paid-up capital	Percentage of equity attributable to the Company® Direct	Indirect	Principal activities
China Xinhunbao Group Limited *(note b)*	Hong Kong	HK$1	–	– (2017: 100)	Not yet commenced business
Wealthy Hero Investments Limited *(note a)*	British Virgin Islands ("**BVI**")	US$1	100	–	Investment holding
Rongbao Holdings Limited *(note a)*	BVI	US$1	100	–	Investment holding
Golden Beach Enterprises Limited *(note a)*	BVI	US$1	100	–	Investment holding
Wealthy Hero Holdings Limited	Hong Kong	HK$1	–	100	Money lending business
Rongbao Investments Limited	Hong Kong	HK$1	–	100	Investment holding
Fast Excel Limited	Hong Kong	HK$10	–	100	Investment holding
Parkson Trade Services Limited	Hong Kong	HK$1	–	100	Trading of aluminium products
Fast Excel Gold Mountain Zhongshan Aluminium Products (Hong Kong) Limited	Hong Kong	HK$5	–	100	Not yet commenced business

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ and business	Issued ordinary/ paid-up capital	Percentage of equity attributable to the Company® Direct	Indirect	Principal activities
Zhongshan City Minzhong Deli Metal Company Limited *(notes a & c)*	PRC	US$500,000	–	100	Manufacturing and trading of aluminium windows and gates
Noble Dynasty Holdings Limited *(notes a & b)*	BVI	US$1	– (2017: 100)	–	Investment holding
新婚寶電子商務(中國)有限公司 *(notes a, b & c)*	PRC	–	–	– (2017:100)	Not yet commenced business
First Rate Ventures Limited *(note a)*	BVI	US$1	100	–	Investment holding
Hoperay Holdings Limited *(note a)*	BVI	US$1	100	–	Investment holding
Fu Ya Investments Limited *(note a)*	BVI	US$10	–	100	Investment holding
China Fortune International Investments Limited	Hong Kong	HK$1	–	100	Investment holding
Guizhou Baoxin Investment and Guaranty Company Limited *(notes a & c)*	PRC	RMB64,000,000	–	100	Provision of financing guarantee services
Solar Shine Developments Limited *(notes a & d)*	BVI	US$1	100 (2017: Nil)	–	Provision of engineering, development and construction of a mining project
Universe Clear Limited *(notes a & d)*	BVI	US$1	100 (2017: Nil)	–	Investment holding

Notes:

(a) Not audited by Ascenda Cachet CPA Limited.

(b) As detailed in note 29(a) to the consolidated financial statements, these subsidiaries were disposed of during the year.

(c) Registered as wholly-foreign owned enterprises under the PRC Law.

(d) These subsidiaries were newly incorporated during the year.

® There were no changes in the percentage of equity attributable to the Company except otherwise indicated.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments at fair value through profit or loss which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2018. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs, and for the first time for the current year's consolidated financial statements.

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

Except for the amendments to HKFRS 12, which are not relevant to the preparation of the Group's consolidated financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments have had no impact on the consolidated statement of cash flows as the Group did not have any changes in the liabilities arising from financing activities during the year.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Annual Improvements to 2014–2016 Cycle	Amendments to a number of HKFRS 1 and HKAS 28[1]
Annual Improvements to 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as described below:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction for the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 April 2018. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 April 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 April 2018. During the year ended 31 March 2018, the Group has performed a detail assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

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

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months upon the adoption from 1 April 2018.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implement issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group will adopt HKFRS 15 from 1 April 2018 upon initial adoption of HKFRS 15 will not be material. During the year ended 31 March 2018, the Group has performed a preliminary detailed assessment on the impact of the adoption of HKFRS 15.

The Group's principal activities consist of the (i) trading of aluminium products; (ii) supply of aluminium products in the construction projects; (iii) money lending business; and (iv) provision of financing guarantee services in the PRC. The Group does not expect the adoption of HKFRS 15 will have a significant impact on the Group's financial performance and financial position. However, the presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's consolidated financial statements. Many of the disclosure requirements in HKFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the consolidated financial statements will be expanded because of the disclosure of significant judgements made on how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by HKFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 16, issued in May 2016, replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases — Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 31(b) to the consolidated financial statements, as at 31 March 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$5,139,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short-term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

Amendments to HKAS 28, issued in October 2017, clarify that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using HKFRS 9. In applying HKFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying this standard.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 April 2018. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 April 2018. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interests in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash generating unit's value in use and its fair value less costs of disposal, and 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, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or joint controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

Leasehold building	Over the lease term
Leasehold improvements	Over the lease term
Plant and machineries	10%
Furniture, fixture and equipment	10%–33%
Motor vehicles	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at lease at each financial year end.

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

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of the retirement or disposal.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the consolidated statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the consolidated statement of profit or loss on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the consolidated statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the consolidated statement of profit or loss. The loss arising from impairment is recognised in the consolidated statement of profit or loss in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the consolidated statement of profit or loss. The loss arising from impairment is recognised in the consolidated statement of profit or loss in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investment and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the consolidated statement of profit or loss in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the consolidated statement of profit or loss as other gains or losses in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial investments *(Continued)*

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets. If management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss, is removed from other comprehensive income and recognised in the consolidated statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of profit or loss — is removed from other comprehensive income and recognised in the consolidated statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the consolidated statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the consolidated statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, and liabilities from guarantees.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

For the purpose of the consolidated statement of financial positions, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a guarantee, the fair value of the guarantee contract issued is initially recognised as deferred income within liabilities from guarantees. The fair value of guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the consolidated statement of profit or loss on initial recognition of any deferred income. The fair value of the guarantee initially recognised as deferred income is amortised in the consolidated statement of profit or loss over the term of the guarantee as income from guarantees issued.

In addition, provisions are recognised when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in deferred income in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Provisions for guarantee losses

When determining the amounts to be recognised in respect of liabilities arising from the guarantee business, management estimates the provisions based on prior experience and default history of the business. It is possible that the prior experience and default history is not indicative of future loss on the guarantees issued. Any increase or decrease in the provisions would affect profit or loss in future years.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

(a) from the sales of goods, when the significant risks and rewards of ownership have been transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) Guarantee fee income, when guarantee contracts have been made whereby the related guarantee obligation has been accepted, the economic benefits associated with the guarantee contracts will probably flow in, and the amount of revenue associated with guarantee contracts can be measured reliably. Guarantee fee income is determined based on the total agreed fee in the guarantee contracts and is recognised in the consolidated statement of profit or loss over the period of guarantee. Generally, the Group receives guarantee fee income in full at inception and records it as unearned income before amortising it throughout the period of guarantee; and

(f) dividend income, when the shareholders' right to receive payment has been established.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Revenue from cost plus construction contracts is recognised on the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Pension scheme

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

The employees of the Group's subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Share-based payment

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a Binominal model, further details of which are given in note 26 to the consolidated financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment *(Continued)*

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their consolidated statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitment — Group as a lessor

The Group has entered into commercial property lease on its investment property. The Group has determined, based on an evaluation of the terms and conditions of the arrangement, that it retains all the significant risks and rewards of ownership of this property which is leased out on an operating lease.

Classification between investment property and owner-occupied property

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If the portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provision are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Percentage of completion of construction works

The Group recognises its contract revenue according to the percentage of work performed to date of the individual contract of construction works as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contracts as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding cost of the contract revenue.

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

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 described below.

Useful lives of property, plant and equipment

The management of the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Provision for impairment of trade receivables

The policy for the provision for impairment of trade receivables of the Group is based on the evaluation of collectibles and ageing analysis of accounts and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these trade receivables, including this current creditworthiness and the past collection history of each customer.

Provisions for guarantee losses

The Group makes reasonable estimate on costs required to fulfil the relevant obligation of guarantee contracts when the Group computes the provisions of guarantee losses. Such estimation is made based on the available information as of the end of the reporting period and is determined by the Group's practical experience, default history of the business, taking into consideration of industry information and market data. It is possible that the practical experience and default history is not indicative of future loss on the guarantees issued. Any increase or decrease in the provision would affect profit of loss in future years.

Impairment of loans and interest receivables

The Group reviews its loan portfolios to assess whether there is any objective evidence that the loans receivable is impaired at least on a yearly basis. In determining whether an impairment loss should be recorded in the consolidated statement of profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans receivables before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methods and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The aggregate carrying amount of loan and interest receivables at 31 March 2018 was approximately HK$27,471,000 (2017: HK$69,454,000). More details are given in note 17 to the consolidated financial statements.

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

Estimation uncertainty *(Continued)*

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for impairment of amounts due from subsidiaries

The policy for the provision for impairment of amounts due from subsidiaries is based on the evaluation of recoverable of accounts and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of the amount.

Provision for impairment of investments in subsidiaries

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial statements of the investee's net assets including goodwill.

4. OPERATING SEGMENT INFORMATION

The principal activities of the Group are engaged in trading of aluminium products, supply of aluminium products in the construction projects, operation of money lending business and provision of financing guarantee services. During the year, the Group entered into an engineering, development and construction contract for a mining project in Pakistan. However, the Group has not yet commenced any engineering, development and construction of the mining project during the year.

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

(a) trading of aluminium products segment — sales of aluminium products;

(b) construction projects segment — supply of aluminium products in the construction projects;

(c) money lending segment — provision of loan financing; and

(d) financing guarantee services segment — provision of financing guarantee services.

The Group's chairman, who is the chief operating decision maker, monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, dividend income from equity investments at fair value through profit or loss, gain on disposal of waste material, fair value gains on equity investments at fair value through profit or loss, gain on bargain purchase, gain on disposal of property, plant and equipment, gain on disposal of subsidiaries, rental income, other interest income, impairment of associates, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, pledged bank deposits, interests in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2018	Trading of aluminium products HK$'000	Construction projects HK$'000	Money lending HK$'000	Financing guarantee services HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	–	8,254	–	–	8,254
Loans interest income	–	–	10,329	–	10,329
Guarantee fee income	–	–	–	2,282	2,282
	–	8,254	10,329	2,282	20,865
Segment results	(1,954)	(6,432)	7,010	(24,468)	(25,844)
Interest income					1,064
Corporate and other unallocated income					32,788
Corporate and other unallocated expenses					(4,173)
Profit before tax					3,835
Segment assets	8,501	57	80,152	53,789	142,499
Corporate and other unallocated assets					363,737
Total assets					506,236
Segment liabilities	1,085	316	308	48,640	50,349
Corporate and other unallocated liabilities					740
Total liabilities					51,089
Other segment information:					
Depreciation of property, plant and equipment	1	9	–	118	128
Depreciation of investment property	–	–	–	77	77

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2017	Trading of aluminium products HK$'000	Construction projects HK$'000	Money lending HK$'000	Financing guarantee services HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	–	11,328	–	–	11,328
Loans interest income	–	–	11,259	–	11,259
Guarantee fee income	–	–	–	850	850
	–	11,328	11,259	850	23,437
Segment results	(4,668)	(351)	10,399	(11,876)	(6,496)
Interest income					24
Corporate and other unallocated income					5,544
Corporate and other unallocated expenses					(4,107)
Loss before tax					(5,035)
Segment assets	8,973	7,292	69,460	56,613	142,338
Corporate and other unallocated assets					347,335
Total assets					489,673
Segment liabilities	1,075	2,233	222	38,406	41,936
Corporate and other unallocated liabilities					1,529
Total liabilities					43,465
Other segment information:					
Capital expenditure*	–	–	7	7,468	7,475
Depreciation of property, plant and equipment	–	26	–	36	62
Depreciation of investment property	–	–	–	23	23

* The capital expenditure included additions to (i) property, plant and equipment and investment property; and (ii) property, plant and equipment and investment property acquired through the acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2018 HK$'000	2017 HK$'000
Hong Kong	**10,329**	11,259
PRC	**10,536**	12,178
	20,865	23,437

The classification of the revenue arising from the trading of aluminium products segment, the construction projects segment and the financing guarantee services segment is based on the location of the customer's operation.

The classification of the revenue arising from money lending segment is based on the location where the funds is first available to their borrowers.

(b) Non-current assets

	2018 HK$'000	2017 HK$'000
Hong Kong	**18,505**	19,747
PRC	**8,292**	8,174
	26,797	27,921

The classification of non-current assets is based on the location of the assets (excluding goodwill).

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue are as follows:

	2018 HK$'000	2017 HK$'000
Customer A*	**2,729**	3,400
Customer B*	**2,047**	–
Customer C**	**8,254**	11,328
	13,030	14,728

* Revenue from money lending segment

** Revenue from construction project segment

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents (i) net invoiced value of goods sold, after allowances for returns and trade discounts; (ii) an appropriate proportion of contract revenue of construction contracts; (iii) loan interest income from money lending business; and (iv) net guarantee fee income from provision of financing guarantee service.

During the year, the Group entered into an engineering, development and construction contract for a mining project in Pakistan. However, the Group has not yet commenced any engineering, development and construction of the mining project during the year.

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

	2018 **HK$'000**	2017 HK$'000
Revenue		
Trading of aluminium products	**–**	–
Construction projects	**8,254**	11,328
Loans interest income	**10,329**	11,259
Guarantee fee income	**2,282**	850
	20,865	23,437
Other income and gains		
Bank interest income	**816**	24
Dividend income from equity investments at fair value through profit or loss	**106**	–
Fair value gains on equity investments at fair value through profit or loss	**32,125**	–
Gain on bargain purchase *(note 28)*	**–**	2,125
Gain on disposal of property, plant and equipment	**14**	–
Gain on disposal of subsidiaries *(note 29)*	**25**	3,408
Gain on disposal of waste material	**220**	–
Rental income	**113**	–
Other interest income	**248**	–
Others	**185**	11
	33,852	5,568
Total revenue, other income and gains	**54,717**	29,005

6. PROFIT/(LOSS) BEFORE TAX

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

	2018 **HK$'000**	2017 HK$'000
Cost of sales*		
— cost of construction	**7,508**	7,489
Auditor's remuneration	**750**	650
Depreciation property, plant and equipment *(note 12)*	**128**	62
Depreciation of investment property *(note 13)*	**77**	23
Loss on disposal of property, plant and equipment	**–**	61
Impairment of trade receivables *(note 16)*	**1,280**	–
Impairment of other receivables *(note 19)*	**3,348**	–
Impairment of investment in associates *(note 14)*	**–**	181
Impairment of amount due from associates *(note 14)*	**1,240**	79
Impairment of receivables for default guarantee payments and receivables from guarantee customers *(note 18)*	**24,870**	11,846
Employee benefits expenses (including directors' remuneration *(note 7)*):		
Wages and salaries	**5,270**	6,735
Pension scheme contributions	**356**	449
Employee severance payment	**1,096**	–
	6,722	7,184
Minimum lease payments under operating leases on land and buildings	**1,802**	1,773
Bank interest income	**(816)**	(24)
Dividend income from equity investments at fair value through profit or loss	**(106)**	–
Fair value gains on equity investments at fair value through profit or loss	**(32,125)**	–
Gain on bargain purchase *(note 28)*	**–**	(2,125)
Gain on disposal of property, plant and equipment	**(14)**	–
Gain on disposal of subsidiaries *(note 29)*	**(25)**	(3,408)
Other interest income	**(248)**	–

* Depreciation of the property, plant and equipment of approximately HK$3,000 (2017: HK$14,000) for the year ended 31 March 2018 was included in "cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2018 HK$'000	2017 HK$'000
Fees	350	350
Other emoluments:		
Salaries, allowances and benefits in kind	876	1,640
Pension scheme contributions	29	33
	905	1,673
	1,255	2,023

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Equity-settled share option expenses HK$'000	Total remuneration HK$'000
2018					
Executive directors					
Mr. Tung Yee Shing *(Note a)*	–	464	13	–	477
Mr. Fung Kwok Kit *(Note b)*	–	206	8	–	214
Mr. Zhong Can *(Note b)*	–	206	8	–	214
	–	876	29	–	905
Independent non-executive directors					
Mr. Kwok Lap Fung, Beeson	100	–	–	–	100
Mr. Li Kam Chung	100	–	–	–	100
Mr. Chan Yin Tsung	150	–	–	–	150
	350	–	–	–	350
	350	876	29	–	1,255

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Equity-settled share option expenses HK$'000	Total remuneration HK$'000
2017					
Executive directors					
Mr. Tung Yee Shing *(Note a)*	–	650	18	–	668
Ms. Cheung Oi Chun *(Note c)*	–	990	15	–	1,005
	–	1,640	33	–	1,673
Independent non-executive directors					
Mr. Kwok Lap Fung, Beeson	100	–	–	–	100
Mr. Li Kam Chung	100	–	–	–	100
Mr. Chan Yin Tsung	150	–	–	–	150
	350	–	–	–	350
	350	1,640	33	–	2,023

Note:

(a) Resigned on 11 December 2017
(b) Appointed on 27 October 2017
(c) Resigned on 3 January 2017

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

During the year, no emolument has been paid to the Directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2017: Nil).

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

The number of directors and chief executive, whose remuneration fell within the following bands is as follows:

	Number of directors	
	2018	2017
Nil to HK$1,000,000	**6**	4
HK$1,000,001 to HK$2,000,000	**–**	1
	6	5

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2017: two directors) director, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining four (2017: three) non-directors, highest paid employees for the year are as follows:

	2018 **HK$'000**	2017 HK$'000
Salaries, allowances and benefits in kind	**2,112**	2,460
Pension scheme contributions	**56**	51
Equity-settled share option expenses	**–**	–
	2,168	2,511

The number of non-directors, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2018	2017
Nil to HK$1,000,000	**4**	3

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising from Hong Kong during the year.

PRC corporate income tax is calculated at 25% (2017: 25%) on the estimated assessable profits arising in the PRC during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2018 **HK$'000**	2017 HK$'000
Current tax — Hong Kong		
Charge for the year	**1,231**	1,696
Under-provision in previous year	**–**	6,718
Current tax — PRC		
Charge for the year	**–**	322
Under-provision/(Over-provision) in previous year	**79**	(147)
Total tax charge for the year	**1,310**	8,589

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2018 **HK$'000**	**%**	2017 HK$'000	%
Profit/(Loss) before tax	**3,835**		(5,035)	
Tax at the statutory tax rates	**(1,804)**	**(47.0)**	(540)	10.7
Income not taxable for tax	**(5,326)**	**(138.9)**	(1,365)	27.1
Expenses not deductible for tax	**7,307**	**190.5**	2,546	(50.6)
Tax losses not recognised	**1,053**	**27.5**	1,398	(27.7)
Temporary differences in respect of depreciable assets utilised/(not recognised)	**1**	**–**	(1)	–
Under-provision of Hong Kong profits tax in previous year	**–**	**–**	6,718	(133.4)
Under-provision/(Over-provision) of PRC income tax in previous year	**79**	**2.1**	(147)	2.9
Tax concession for the year	**–**	**–**	(20)	0.4
Tax charge at effective tax rate	**1,310**	**34.2**	8,589	(170.6)

9. INCOME TAX EXPENSE *(Continued)*

The Group had deferred tax benefits not recognised in respect of tax losses available for offsetting future assessable profits calculated at the statutory rate of 16.5% (2017: 16.5%) as follows:

	2018 HK$'000	2017 HK$'000
Tax losses	**4,776**	3,723
Accelerated depreciation	**–**	(1)
	4,776	3,722

10. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic profit/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculations of basic profit/(loss) per share are based on:

	2018 HK$'000	2017 HK$'000
Profit/(Loss)		
Profit/(Loss) for the year attributable to ordinary equity holders of the Company, used in the basic profit/(loss) per share calculation	**2,525**	(13,624)

	Number of shares 2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in basic profit/(loss) per share calculation	**1,980,000,000**	1,980,000,000

The calculation of diluted profit/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares used in the basic profit/(loss) per share calculation, as adjusted for the share options assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

10. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

The calculation of diluted profit/(loss) per share for the years ended 31 March 2018 and 2017 is based on:

	2018 **HK$'000**	2017 HK$'000
Profit/(Loss)		
Profit/(Loss) for the year attributable to ordinary equity holders of the Company, used in the basic profit/(loss) per share calculation	**2,525**	(13,624)

	Number of shares **2018**	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in basic profit/(loss) per share calculation	**1,980,000,000**	1,980,000,000
Effect on dilution — weighted average number of ordinary shares Shares options*	**–**	–
Weight average number of ordinary shares for the purpose of diluted profit/(loss) per share	**1,980,000,000**	1,980,000,000

* For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the year) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options. Hence, the share options have a diluted effect only when the average market price of ordinary shares exceeds the exercise price of the share options. During the years ended 31 March 2018 and 2017, there is no dilutive event as the average market price of ordinary shares did not exceed its exercise price of the share options.

11. DIVIDENDS

The directors did not recommend the payment of any dividend for the years ended 31 March 2018 and 2017.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building HK$'000	Leasehold improvements HK$'000	Plant and machineries HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
31 March 2018						
At 1 April 2017:						
Cost	3,277	801	727	49	40	4,894
Accumulated depreciation	(23)	(12)	(455)	(22)	(32)	(544)
Net carrying amount	3,254	789	272	27	8	4,350
At 1 April 2017, net of accumulated depreciation	3,254	789	272	27	8	4,350
Depreciation provided during the year	(77)	(35)	(5)	(8)	(3)	(128)
Disposal during the year	–	–	(294)	(4)	(6)	(304)
Exchange realignment	317	76	27	3	1	424
At 31 March 2018, net of accumulated depreciation	3,494	830	–	18	–	4,342
At 31 March 2018:						
Cost	3,597	878	–	26	–	4,501
Accumulated depreciation	(103)	(48)	–	(8)	–	(159)
Net carrying amount	3,494	830	–	18	–	4,342

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold building HK$'000	Leasehold improvements HK$'000	Plant and machineries HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
31 March 2017						
At 1 April 2016:						
Cost	–	–	782	47	44	873
Accumulated depreciation	–	–	(473)	(33)	(28)	(534)
Net carrying amount	–	–	309	14	16	339
At 1 April 2016, net of accumulated depreciation	–	–	309	14	16	339
Additions	–	–	–	7	–	7
Acquisition of subsidiaries *(note 28)*	3,277	801	–	17	96	4,191
Disposal during the year	–	–	(6)	(3)	(96)	(105)
Depreciation provided during the year	(23)	(12)	(14)	(6)	(7)	(62)
Exchange realignment	–	–	(17)	(2)	(1)	(20)
At 31 March 2017, net of accumulated depreciation	3,254	789	272	27	8	4,350
At 31 March 2017:						
Cost	3,277	801	727	49	40	4,894
Accumulated depreciation	(23)	(12)	(455)	(22)	(32)	(544)
Net carrying amount	3,254	789	272	27	8	4,350

The Group's leasehold building represents a commercial property in Guizhou, the PRC (the "**Leasehold Building**"), held under medium term lease and is for its administration usage purpose.

Impairment assessment of the Leasehold Building

The recoverable amount of the Leasehold Building has been assessed by an independent valuer, LCH (Asia-Pacific) Surveyors Limited ("**LCH**"), as at 31 March 2017 and 2018. No impairment of the Leasehold Building has been provided as the recoverable amount of the Leasehold Building was higher than its carrying amount as at 31 March 2017 and 2018.

Pursuant to LCH's valuation report dated 29 June 2018, the recoverable amount of the Leasehold Building in the PRC was approximately RMB3,200,000, (equivalent to approximately HK$3,968,000 (2017: RMB3,080,000 (equivalent to approximately HK$3,480,000))), which was measured using the direct comparison method based on market observable transactions of similar properties without any significant adjustments.

13. INVESTMENT PROPERTY

	HK$'000
31 March 2018	
At 1 April 2017:	
Cost	**3,277**
Accumulated depreciation	**(23)**
Net carrying amount	**3,254**
At 1 April 2017, net of accumulated depreciation	**3,254**
Depreciation provided during the year	**(77)**
Exchange realignment	**316**
At 31 March 2018, net of accumulated depreciation	**3,493**
At 31 March 2018:	
Cost	**3,596**
Accumulated depreciation	**(103)**
Net carrying amount	**3,493**
31 March 2017	
At 1 April 2016, net of accumulated depreciation	–
Acquisition of subsidiaries *(note 28)*	3,277
Depreciation provided during the year	(23)
At 31 March 2017, net of accumulated depreciation	3,254
At 31 March 2017:	
Cost	3,277
Accumulated depreciation	(23)
Net carrying amount	3,254

The Group's investment property represents a commercial property in Guizhou, the PRC (the "**Guizhou Property**"), held under medium term lease and is for generating rental income or for capital appreciation.

At the end of the reporting period, the Group entered into a tenancy agreement with a tenant, pursuant to which, the Guizhou Property was leased under operating lease for rental income (note 5) since April 2017, further summary details of which are stated in note 31 to the consolidated financial statements.

13. INVESTMENT PROPERTY *(Continued)*

Impairment assessment of the Guizhou Property

The recoverable amount of the Guizhou Property has been assessed by an independent valuer, LCH as at 31 March 2017 and 2018. No impairment of the Guizhou Property has been provided as the recoverable amount of the Guizhou Property was higher than its carrying amount as at 31 March 2017 and 2018.

Pursuant to LCH's valuation report dated 29 June 2018, the recoverable amount of the Guizhou Property in the PRC was approximately RMB3,000,000 (equivalent to approximately HK$3,720,000) (2017: RMB3,000,000 equivalent to approximately HK$3,390,000)), which was measured using income approach.

Fair value hierarchy

Details of the Guizhou Property and information about the fair value hierarchy used in LCH's valuation report as at 31 March 2017 and 2018 is as follows:

	Fair value measurement as using			
	Quoted prices in active markets (level 1) HK$'000	Significant observable inputs (level 2) HK$'000	Significant unobservable inputs (level 3) HK$'000	Total HK$'000
As at 31 March 2017				
Guizhou Property	–	–	3,390	3,390
As at 31 March 2018				
Guizhou Property	**–**	**–**	**3,720**	**3,720**

Key assumption for determining the recoverable amount

Below is a summary of the valuation technique used and the key inputs to LCH'S valuation report of the Guizhou property:

Description	Fair value at 31 March 2018	Valuation technique	Unobservable inputs	Relationship of unobservable Inputs to fair value
Commercial property	HK$3,720,000 (2017: HK$3,390,000)	Income approach	Estimated rental income (per square metre and per month) with RMB44 (2017: RMB24)	The higher the rental income the higher the fair value
			Reversion yield at 7% (2017: 4%)	The higher the reversion yield the lower the fair value

14. INTERESTS IN ASSOCIATES

	2018 HK$'000	2017 HK$'000
Unlisted shares, at cost	**181**	181
Share of net assets	**–**	–
Less: Impairment	**(181)**	(181)
	–	–
Due from associates	**19,819**	19,819
Less: Impairment	**(1,319)**	(79)
	18,500	19,740
Total interests in associates	**18,500**	19,740

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
I Fun International (Holdings) Limited	Ordinary shares	British Virgin Islands	46.5%	Investment holding
I Fun (HK) Limited	Ordinary shares	Hong Kong	46.5%	Investment holding
貴州愛紡實業有限公司	Capital contribution	PRC	46.5%	Trading of bedroom textiles business

These associates were acquired on 24 March 2017 at a consideration of approximately HK$181,000. Pursuant to the shareholder agreement, the Group shall provide a shareholder's loan of HK$20,000,000 to the associates as their working capital. As at 31 March 2017 and 2018, the shareholder's loan in the amount of approximately HK$19,819,000 has been provided by the Group.

14. INTERESTS IN ASSOCIATES *(Continued)*

The following table illustrates the summarised financial information in respect of I Fun International (Holdings) Limited and its subsidiaries (collectively, the "**I Fun Group**") adjusted for any differences in accounting policies and reconciled to the carrying amount in the unaudited consolidated financial statements:

	2018 **HK$'000**	2017 HK$'000
Current assets	**42,692**	48,409
Current liabilities	**(1,401)**	(5,968)
Non-current liabilities	**(42,610)**	(42,610)
Net liabilities	**(1,319)**	(169)
Revenue	**2**	1,169
(Loss)/Profit for the year	**(1,654)**	78
Other comprehensive income	**504**	–

The Group did not share of the net liabilities of associates because the share of net liabilities of the associates exceeded the Group's interests in associates and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of net liabilities of these associates are as follows:

	2018 **HK$'000**	2017 HK$'000
Proportion of the Group's ownership	**46.5%**	46.5%
The Group's share of net liabilities of the associates	**(613)**	(79)

For the year ended 31 March 2018, the associates incurred a loss for the year of approximately HK$1,654,000 and other comprehensive income of approximately HK$504,000. Since the Group only shared of the losses of the associates up to its investment cost which has been fully impaired in prior year, no loss for the year was shared by the Group during the year ended 31 March 2018.

For the year ended 31 March 2017, the associates generated a profit for the year of approximately HK$79,000. Since the associates were newly acquired on 24 March 2017 and the profit for the period from 24 March 2017 to 31 March 2017 was not material, no profit for the period was shared by the Group during the period from 24 March 2017 to 31 March 2017.

15. INVENTORIES

	2018 **HK$'000**	2017 HK$'000
Raw materials	**–**	531
Finished goods	**–**	411
	–	942

16. TRADE RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**9,780**	10,164
Less: Impairment	**(1,280)**	–
Net carrying amounts	**8,500**	10,164

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

The Group allows a credit period normally 0 to 90 days to its trade customers. An aging analysis of the trade receivables as at the end of the reporting period, based on the date of invoice, is as follows:

	2018 HK$'000	2017 HK$'000
Within 1 month	**–**	1,664
1 to 2 months	**–**	–
2 to 3 months	**–**	–
Over 3 months	**8,500**	8,500
	8,500	10,164

The movement in the provision for the impairment of trade receivables are as follows:

	2018 HK$'000	2017 HK$'000
At beginning of year	**–**	–
Impairment losses recognised *(note 6)*	**1,280**	–
At end of year	**1,280**	–

Included in the above provision for impairment of trade receivables is a provision for an individually impaired trade receivable of HK$1,280,000 (2017: Nil) with a carrying amount before provision of HK$1,280,000 (2017: Nil).

The individually impaired trade receivable relate to a customer that was in default in principal payments.

16. TRADE RECEIVABLES *(Continued)*

The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2018 HK$'000	2017 HK$'000
Neither past due nor impaired	–	1,664
Less than 1 month past due	–	–
1 to 3 months past due	–	–
Over 3 months past due	8,500	8,500
	8,500	10,164

Receivable that was neither past due nor impaired related to one single customer for whom there was no recent default history.

Receivable that was past due but not impaired related to one single customer and the Group has a high concentration of credit risk accordingly. Based on the past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of this balance as there has not been a significant change in credit quality and the balance is still considered fully recoverable.

17. LOAN AND INTEREST RECEIVABLES

The loan receivables represented outstanding loans arose from the money lending business during the year.

Loan receivables bear interest at fixed rates in the range from 5% to 18% (2017: 6% to 18%) per annum, and with credit periods mutually agreed between the contracting parties. Loan receivables are secured by the pledge of debtors' assets. Overdue balances are reviewed regularly and handled closely by senior management.

	2018 HK$'000	2017 HK$'000
Loan receivables *(note (a))*	24,400	68,000
Interest receivables	3,071	1,454
Less: Impairment	–	–
Net carrying amounts	27,471	69,454
Less: Current portion of loan and interest receivables	(27,471)	(69,454)
Non-current portion of loan and interest receivables	–	–

17. LOAN AND INTEREST RECEIVABLES *(Continued)*

The loan and interest receivables at the end of the reporting period are analysed by the remaining period to contractual maturity date as follows:

	2018 **HK$'000**	2017 HK$'000
Receivable:		
Within 3 months	**–**	23,797
3 months to 1 year	**4,410**	24,500
Past due	**23,061**	21,157
	27,471	69,454
Less: Current portion of loan and interest receivables	**(27,471)**	(69,454)
Non-current portion of loan and interest receivables	**–**	–

The aging analysis of the loan and interest receivables that are not individually nor collectively considered to be impaired is as follows:

	2018 **HK$'000**	2017 HK$'000
Neither past due nor impaired	**4,410**	48,297
Less than 1 month past due	**–**	169
1 to 3 months past due	**–**	512
Over 3 months past due	**23,061**	20,476
	27,471	69,454

Loan and interest receivables that were neither past due nor impaired relate to one debtor (2017: four debtors) for whom there was no recent history of default. Loan and interest receivables that were past due but not impaired relate to one debtor (2017: four debtors) and the Group has a high concentration of credit risk accordingly. Based on the past experience, the directors of the Company are of the opinion that no provision for impairment is necessary as the balance is considered fully recoverable.

Note (a): Included in loan and interest receivables was HK$23,061,000 (2017: HK$21,157,000) which was secured by 20% equity interest of a private secondary school in the PRC (the "**Underlying Securities**") and was due for repayment on 5 November 2016. The Group has commenced a legal proceeding against the borrower for recovery of the loan during the year. Based on the valuation of the Underlying Securities, the directors of the Company are of the opinion that the loan is fully recoverable and therefore, no impairment was provided as at 31 March 2017 and 2018.

18. RECEIVABLES FOR DEFAULT GUARANTEE PAYMENTS AND RECEIVABLES FROM GUARANTEE CUSTOMERS

The receivables from default guarantee payments and receivables from guarantee customers represented the corresponding receivables in respect of a provision that the holder of the financial guarantee contract probably called upon the Group or the claims on the Group is expected to exceed the amount currently carried in deferred income regarding the guarantee during the year.

	2018 HK$'000	2017 HK$'000
Receivables for default guarantee payments	**44,713**	26,894
Less: Impairment	**(33,944)**	(8,137)
	10,769	18,757
Receivables from guarantee customers	**8,026**	10,489
Less: Impairment	**(3,925)**	(3,709)
	4,101	6,780
	14,870	25,537
Premium receivables from guarantee customers	**755**	760
Net carrying amounts	**15,625**	26,297
Less: Current portion of the receivables for default guarantee customers and receivables from guarantee customers	**(15,625)**	(26,297)
Non-current portion of the receivables for default guarantee customers and receivables from guarantee customers	**–**	–

18. RECEIVABLES FOR DEFAULT GUARANTEE PAYMENTS AND RECEIVABLES FROM GUARANTEE CUSTOMERS *(Continued)*

An aging analysis of the receivables for default guarantee payments and receivables from guarantee customers at the end of the reporting period, based on the date the guarantee being defaulted and net of provision, is as follows:

(i) Receivables for default guarantee payments

	2018 HK$'000	2017 HK$'000
Default:		
Less than 6 months past due	**10,769**	15,932
6 to 12 months past due	**–**	2,825
Over 1 year past due	**–**	–
	10,769	18,757

(ii) Receivables from guarantee customers

	2018 HK$'000	2017 HK$'000
Neither past due nor impaired	**4,101**	6,780

Impairment losses in respect of receivables for default guarantee payments and receivables from guarantee customers are recorded using an allowance unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against receivables for default guarantee payments and receivables from guarantee customers.

The movement in the provision for the impairment for receivables for default guarantee payments and receivables from guarantee customers, are as follows:

	2018 HK$'000	2017 HK$'000
At beginning of year	**11,846**	–
Impairment losses recognised *(note 6)*	**24,870**	11,846
Exchange realignment	**1,153**	–
At end of year	**37,869**	11,846

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Prepayments	**754**	747
Trade deposits	**1,556**	3,455
Utility and other deposits	**757**	491
Other receivables *(note (a))*	**33,094**	24,742
Deposit for the mining project *(note (b))*	**43,131**	–
	79,292	29,435
Less: Impairment	**(4,904)**	(1,556)
Less: Non-current portion of prepayments	**(462)**	(577)
Current portion of prepayments, deposits and other receivables	**73,926**	27,302

Notes (a): Included in other receivables was amount due from a customer of approximately RMB5,026,000 (equivalent to approximately HK$6,232,000) arising from a previous guarantee contract. The Group has commenced a legal proceeding for recovery of such receivable and a judgement in favour of the Group was granted by the court. This receivable is secured by certain properties in the PRC. Accordingly, the directors of the Company are of the opinion that this receivable is fully recoverable and therefore, no impairment was provided as at 31 March 2017 and 2018.

(b): Amount represented deposit paid for sourcing and acquisition of certain project machines for engineering, development and construction of the mining project in Pakistan.

20. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$'000	2017 HK$'000
Listed equity investments, at market value	**51,980**	–

The above equity investments as at 31 March 2018 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2018 HK$'000	2017 HK$'000
Cash and bank balances	**265,630**	290,287
Time deposits	**35,823**	37,306
	301,453	327,593
Less: Pledged bank deposits*	**(35,823)**	(37,306)
Cash and cash equivalents	**265,630**	290,287

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to approximately HK$2,381,000 (2017: HK$4,954,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

* All pledged bank deposits represent the deposits at banks according to the requirements from Bank of Guiyang Co., Ltd ("**Bank of Guiyang**") for the financing guarantees that the Group provides to third parties for borrowing from Bank of Guiyang.

22. TRADE PAYABLES

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

	2018 HK$'000	2017 HK$'000
Within 1 month	–	768
1 to 2 months	–	193
2 to 3 months	–	197
Over 3 months	–	558
	–	1,716

The trade payables are non-interest bearing and are normally settled on 30 to 60-day terms.

23. OTHER PAYABLES AND ACCRUALS

	2018 HK$'000	2017 HK$'000
Other payables	**1,322**	1,259
Accruals	**1,410**	1,105
	2,732	2,364

24. LIABILITIES FROM GUARANTEES

	2018 **HK$'000**	2017 HK$'000
Deferred income	**475**	806
Provisions for guarantee losses *(note 18)*	**47,882**	37,383
	48,357	38,189

The movement in the provision for guarantee losses, is as follows:

	2018 **HK$'000**	2017 HK$'000
At beginning of year	**37,383**	–
Provision for the year	**10,499**	37,383
At end of year	**47,882**	37,383

Where the Group issues a guarantee, the fair value of the guarantee contract issued is initially recognised as deferred income within liabilities from guarantees. The fair value of guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services (i.e. the premium received). The fair value of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from guarantees issued.

The provisions for guarantee losses are recognised when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in deferred income in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

25. SHARE CAPITAL

	2018 HK$'000	2017 HK$'000
Authorised:		
2,800,000,000 ordinary shares of HK$0.01 each	**28,000**	28,000
850,000,000 preference shares of HK$0.01 each	**8,500**	8,500
	36,500	36,500
Issued and fully paid:		
1,980,000,000 (2017: 1,980,000,000) ordinary shares of HK$0.01 each	**19,800**	19,800

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 31 March 2017 and 2018	1,980,000,000	19,800	485,679	505,479

26. SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was newly approved and adopted by the shareholders on 31 August 2015. The Share Option Scheme is valid and effective for a period of 10 years after the date of adoption. The purpose of the Share Option Scheme is to provide incentives to the employee or consultant of the Group including any executive director of any nationality of the Company and any subsidiary (the "**Participants**") to enable the Group to recruit and/or retain high-calibre individuals and attract human resources that are valuable to the Group. Under the Share Option Scheme, the Board may grant options to the Participants to subscribe for shares of the Company. On 2 March 2016, the Group granted 131,299,998 share options (the "**Share Options**") to their directors and employees for a term of 5 years.

26. SHARE OPTION SCHEME *(Continued)*

The consideration of HK$1 is payable on the grant date of the Share Options. Share Options may be exercised by the grantees at any time before its expiry. The exercise price is determined by the directors of the Company (the "**Directors**"), and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Details of the outstanding Share Options during the year ended 31 March 2017 and 2018 are as follows:

31 March 2018

	Date of grant	Exercise period	Outstanding as at 1 April 2017	Granted during the year	Lapsed during the year	Outstanding as at 31 March 2018	Exercise price HK$
Directors							
Tung Yee Shing *(Note a)*	2 March 2016	2 March 2016 to 1 March 2021	19,800,000	–	(19,800,000)	**–**	1.2
Chan Yin Tsung	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	–	**4,166,666**	1.2
Li Kam Chung	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	–	**4,166,666**	1.2
Kwok Lap Fung Beeson	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	–	**4,166,666**	1.2
Employees *(Note b)*	2 March 2016	2 March 2016 to 1 March 2021	79,200,000	–	(39,600,000)	**39,600,000**	1.2
			111,499,998	–	(59,400,000)	**52,099,998**	

31 March 2017

	Date of grant	Exercise period	Outstanding as at 1 April 2016	Granted during the year	Lapsed during the year	Outstanding as at 31 March 2017	Exercise price HK$
Directors							
Tung Yee Shing	2 March 2016	2 March 2016 to 1 March 2021	19,800,000	–	–	**19,800,000**	1.2
Cheung Oi Chun *(Note c)*	2 March 2016	2 March 2016 to 1 March 2021	19,800,000	–	(19,800,000)	**–**	1.2
Chan Yin Tsung	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	–	**4,166,666**	1.2
Li Kam Chung	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	–	**4,166,666**	1.2
Kwok Lap Fung Beeson	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	–	**4,166,666**	1.2
Employees	2 March 2016	2 March 2016 to 1 March 2021	79,200,000	–	–	**79,200,000**	1.2
			131,299,998	–	(19,800,000)	**111,499,998**	

26. SHARE OPTION SCHEME *(Continued)*

Notes:

(a) Mr. Tung Yee Shing resigned as executive director of the Company on 11 December 2017. The Share Options granted to him were lapsed as a result of his resignation.

(b) Two employees resigned during the year and the Share Options granted to them were lapsed as a result of their resignation.

(c) Ms. Cheung Oi Chun resigned as executive director of the Company on 3 January 2017. The Share Options granted to her were lapsed as a result of her resignation.

(d) Except for above, no Share Options were granted, exercised, lapsed or cancelled during the years ended 31 March 2018 and 2017.

Fair value of Share Options

The fair value of the Share Options was calculated by using a binomial option pricing model (the "**Binomial Model**"). Where relevant, the expected life used in the model has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over past years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after the vesting date when the share price was one and a half or two and a half times the respective exercise price.

Inputs in the model:

Date of grant	2 March 2016
Grant date share price	HK$1.20
Exercise price	HK$1.20
Expected volatility	100%
Option life	5 years
Risk-free interest rate	1.08%
Fair value per Share Option	HK$0.536

The Binomial Model has been used to estimate the fair value of the Share Options. The variables and assumptions used in computing the fair value of the Share Options are based on director best estimates. The value of the Share Option varies with different variables in certain subjective assumptions.

The movement of the share option reserve are presented in the consolidated statement of changes in equity on page 41 of the consolidated financial statements.

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current year are presented in the consolidated statement of changes in equity on page 41 of the consolidated financial statements.

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value. The application of the share premium account is governed by Bye-Law 140(A) of the Company's Bye-Laws and the Companies Act 1981 of Bermuda (the "**Companies Act**").

(ii) Capital reserve

The capital reserve represented the contribution from equity shareholders for purchase of shares from subsidiaries.

27. RESERVES *(Continued)*

(iii) Translation reserve

The 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 policy set out in note 2.4 to the consolidated financial statements.

(iv) Share options reserve

Share options reserve comprises the portion of grant date fair value of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments.

(v) Regulatory reserve

According to the Interim Measures for the Administration of Financial Guarantee Companies ("**Interim Measures**") issued at 8 March 2010 by the relevant government authorities in the PRC, financial guarantee companies shall establish unearned premium reserve equal to 50% of guarantee premium recognised during the year, and indemnification reserve of no less than 1% of the outstanding guarantee balances undertaken by the entities established in the PRC. The Group started to accrue the required amounts set by relevant government authorities less the provision of financial guarantee losses as regulatory reserve from the date of acquisition of the subsidiary. According to the details implementation guidance No. (2010)96 issued by the People's Government of Guizhou Province on the Interim Measures, the use of the aforementioned regulatory reserve is subject to further guidance from the Financial Work Office of People's Government of Guizhou Province.

28. BUSINESS COMBINATION

31 March 2017

On 13 September 2016, the Group entered into a sale and purchase agreement (the "**Fu Ya Acquisition Agreement**") with Mr. Li Hua Liang ("**Mr. Li**"), an independent third party, pursuant to which, the Group acquired (the "**Acquisition**") (i) 100% equity interest in Fu Ya Investments Limited ("**Fu Ya**") and its subsidiaries (collectively, the "**Fu Ya Group**"); and (ii) the amount due to Mr. Li by the Fu Ya Group (the "**Sales Loan**") at a cash consideration of HK$70,000,000. The Acquisition was completed on 12 December 2016 (the "**Acquisition Date**").

28. BUSINESS COMBINATION *(Continued)*

31 March 2017 *(Continued)*

The fair value of the identifiable assets and liabilities of the Fu Ya Group as at the Acquisition Date was as follows:

	Fair value recognised on the Acquisition Date HK$'000
Property, plant and equipment *(note 12)*	4,191
Investment property *(note 13)*	3,277
Prepayments, deposits and other receivables	17,421
Receivables from guarantee customers	6,998
Pledged bank deposits	37,595
Cash and bank balances	3,878
Liabilities from guarantee	(1,170)
Other payables and accruals	(65)
Due to Mr. Li	(76,126)
Net liabilities of the Fu Ya Group	(4,001)
Less: The Sales Loan	76,126
Net assets acquired	72,125
Gain on bargain purchase *(note 5)*	(2,125)
Cash consideration	70,000

An analysis of the net outflow of cash and cash equivalents in respect of the Acquisition is as follows:

	HK$'000
Cash consideration	(70,000)
Cash and bank balances acquired	3,878
Net outflow of cash and cash equivalents included in cash flows from investing activities	(66,122)

Since the Acquisition, the Fu Ya Group attributed of approximately HK$850,000 to the Group's revenue and a loss of approximately HK$11,847,000 to the consolidated loss for the year ended 31 March 2017.

Had the combination taken place at the beginning of the year, the revenue and the loss of the Group for the year ended 31 March 2017 would have been HK$25,442,000 and HK$11,758,000, respectively.

29. DISPOSAL OF SUBSIDIARIES

31 March 2018

(a) Disposal of Noble Dynasty Holdings Limited

On 19 June 2017, the Group entered into a sale and purchase agreement (the "**Noble Dynasty S&P Agreement**") with Star Century Ventures Corp., an independent third party, pursuant to which, the Group disposed (the "**Noble Dynasty Disposal**") of 100% equity interest in Noble Dynasty Holdings Limited and its subsidiaries (collectively, the "**Noble Dynasty Group**") at a cash consideration of HK$25,210. The Noble Dynasty Disposal has been completed on 19 June 2017 (the "**Noble Dynasty Disposal Date**").

The assets and liabilities of the Noble Dynasty Group as at the Noble Dynasty Disposal Date was as follows:

	HK$'000
Net liabilities disposed of:	
Due to ultimate holding company by the Noble Dynasty Group	(31)
	(31)
Add: Waiver of amount due to ultimate holding company	31
Net assets of the Noble Dynasty Group	–
Less: Consideration	(25)
Gain on disposal of subsidiaries *(note 5)*	(25)

An analysis of the net inflow of cash and cash equivalents in respect of the Noble Dynasty Disposal is as follows:

	HK$'000
Cash consideration	25
Cash and bank balances disposed of	–
Net inflow of cash and cash equivalent included in cash flows from investing activities	25

29. DISPOSAL OF SUBSIDIARIES *(Continued)*

31 March 2017

(b) Disposal of Tak Lee Metal Manufactory (Hong Kong) Company Limited

On 17 February 2017, the Group entered into a sale and purchase agreement (the "**Tak Lee S&P Agreement**") with Mr. Li Fo An, an independent third party, pursuant to which, the Group disposed (the "**Tak Lee Disposal**") of 100% equity interest in its subsidiary, Tak Lee Metal Manufactory (Hong Kong) Company Limited ("**Tak Lee**") at a cash consideration of HK$1. The Tak Lee Disposal has been completed on 21 February 2017 (the "**Tak Lee Disposal Date**").

The assets and liabilities of Tak Lee as at the Tak Lee Disposal Date was as follows:

	HK$'000
Net liabilities disposed of:	
Cash and bank balances	2,477
Other payables and accruals	(124)
Tax payable	(6,344)
	(3,991)
Translation reserve	583
Net liabilities of Tak Lee	(3,408)
Less: Consideration*	–
Gain on disposal of a subsidiary *(note 5)*	(3,408)

An analysis of the net outflow of cash and cash equivalents in respect of the Tak Lee Disposal is as follows:

	HK$'000
Cash consideration	–
Cash and bank balances disposed of	(2,477)
Net outflow of cash and cash equivalent included in cash flows from investing activities	(2,477)

* The consideration has been presented as "Nil" as a result of rounding.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

The Group did not have any major non-cash transaction during the years ended 31 March 2018 and 2017.

31. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment property to independent third party under operating lease arrangement with lease negotiated for terms of 5 years.

At 31 March 2018, the Group had total future minimum lease receivable under non-cancellable operating lease with its tenant falling due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	113	103
2–5 years, inclusive	274	352
	387	455

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Lease for properties are negotiated for terms ranging from 1 to 3 years.

At 31 March 2018, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	1,828	1,443
2–5 years, inclusive	3,311	–
	5,139	1,443

32. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 31 above, the Group had the following capital commitments at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
Contracted, but not provided for:		
Shareholder's loan provides to associates *(note 14)*	**181**	181

33. RELATED PARTIES TRANSACTIONS

Compensation of key management personnel of the Group:

	2018 HK$'000	2017 HK$'000
Short term employee benefits	**2,878**	4,534
Post-employment benefits	**–**	–
Equity-settled share option expenses	**–**	–
Total compensation paid to key management personnel	**2,878**	4,534

Further details of directors' and the chief executive's emoluments are included in notes 7 and 8 to the consolidated financial statements.

The number of directors, chief executive and key management personnel of the Group, whose remuneration/compensation fell within the following bands is as follows:

	Number of directors, chief executive and key management personnel	
	2018	2017
HK$ Nil to HK$1,000,000	**8**	8

34. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period on 27 April 2018, the Group entered into an agreement (the "**Fu Ya Disposal Agreement**") with Deng Chunli (the "**Purchaser**"), an independent third party, pursuant to which, the Group disposed (i) 100% equity interest in the Fu Ya Group; and (ii) the amount due to the Group by the Fu Ya Group, for an aggregate consideration (the "**Consideration**") of HK$50,000,000, of which, as to HK$30,000,000 was satisfied by cash and the remaining balance of HK$20,000,000 was satisfied by way of issuing a promissory note by the Purchaser to the Group upon the completion with 6 months maturity. The disposal of the Fu Ya Group was completed on 4 June 2018.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2018			2017
	Financial assets at fair value through profit or loss held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000	Loans and receivables HK$'000
Trade receivables	–	8,500	8,500	10,164
Loans and interest receivables	–	27,471	27,471	69,454
Receivables for default guarantee payments and receivables from guarantee customers	–	15,625	15,625	26,297
Financial assets included in prepayments, deposits and other receivables	–	73,634	73,634	27,132
Equity investments at fair value through profit or loss	51,980	–	51,980	–
Pledged bank deposits	–	35,823	35,823	37,306
Cash and cash equivalents	–	265,630	265,630	290,287
	51,980	426,683	478,663	460,640

Financial liabilities

	Financial liabilities at amortised cost 2018 HK$'000	2017 HK$'000
Trade payables	–	1,716
Financial liabilities included in other payables and accruals	2,732	2,364
Liabilities from guarantees	48,357	38,189
	51,089	42,269

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents and pledged bank deposits, financial assets included in prepayments, deposits and other receivables, trade receivables, loan and interest receivables, receivables for default guarantee payments and receivables from guarantee customers, financial liabilities included other payables and accruals, trade payables and liabilities from guarantees approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Quoted prices in active markets (level 1)		Significant observable inputs (level 2)		Significant unobservable inputs (level 3)		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Equity investments at fair value through profit or loss	**51,980**	–	**–**	–	**–**	–	**51,980**	–

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade payables, other payables and accruals, and liabilities from guarantees. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets such as trade receivables, loan and interest receivables, financial assets included in prepayments, deposits and other receivables, receivables for default guarantee payments and receivables from guarantee customers, and cash and cash equivalents and pledged bank deposits which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the consolidated financial statements.

Interest rate risk

The Group's has no significant interest-bearing financial assets and liabilities with a floating interest rate at the end of each report period. The Group's results and operating cash flows are substantially independent of cheques in market interest rates.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Directors are of the opinion that almost all of the transactions of the Group and recognised financial assets and liabilities are denominated in HKD or RMB during the years ended 31 March 2018 and 2017. The Group currently does not have a foreign currency hedging policy. However, the management will monitor the foreign exchange exposure should the need arise.

The following table demonstrates the sensitivity as at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit/(loss) before tax due to changes in the fair value of monetary assets and liabilities and the Group's equity.

	Increase/ (decrease) in exchange rate %	**Increase/ (decrease) in profit before tax** HK$'000	**Increase/ (decrease) in equity*** HK$'000
31 March 2018			
If the Hong Kong dollar weakens against RMB	**(5)**	**1,795**	**–**
If the Hong Kong dollar strengthens against the RMB	**5**	**(1,795)**	**–**

	Increase/ (decrease) in exchange rate %	(Increase)/ decrease in loss before tax HK$'000	Increase/ (decrease) in equity* HK$'000
31 March 2017			
If the Hong Kong dollar weakens against RMB	(5)	2,873	–
If the Hong Kong dollar strengthens against the RMB	5	(2,873)	–

* Excluding accumulated losses

Credit risk

The Group's credit risk is primarily attributable to trade receivables, loan and interest receivables, prepayments, deposits and other receivables, receivables for default guarantee payments and receivables from guarantee customers and cash and bank balances and pledged bank deposits. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The allowance for impairment has been made to reduce the exposure to the credit risk in relation to the receivables.

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets as of the end of the reporting periods. In addition to guarantees issued as disclosed below, the Group has no credit risk arising from any other guarantee.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Credit risk arising from guarantees issued:

The Group has taken measures to identify credit risks arising from guarantees issued. The Group manages credit risk at every stage of the risk management system, including pre-approval, review and credit approval and post-transaction monitoring processes. The Group conducts customer acceptance and due diligence by business department and risk management department during the pre-approval process. All transactions should be subject to the review and approval of assessment committee ("擔保評審委員會").

During the post-transaction monitoring process, the Group conducts on-site inspection and ongoing post-transaction reviews focus on various aspects, including but not limited to customers' product markets, operating income, assets and liabilities, cash flows from operating activities to detect potential risks. The Group takes proactive preventive actions based on the risk analysis and design contingency plans accordingly.

When a certain number of clients undertake the same business activities, stay in the same geographical locations, or bear similar economic features for their industries, their ability to fulfil contracts will be affected by the same economic changes. Concentration of credit risk reflects the sensitivity of the Group's operating results to specific industries or geographical locations. As the Group mainly operates its financing guarantee businesses in the PRC, there exists a certain level of geographical concentration risk for its guarantee portfolios in that it might be affected by changes in the PRC economic conditions.

Guarantees issued: at the end of each reporting period, the total maximum guarantees issued arising from the outstanding guarantees contracts (including the amount of certain guarantees were defaulted as detailed in note 24 to the consolidated financial statements) are as follows:

	2018 **HK$'000**	2017 HK$'000
Financing guarantee	**133,429**	140,821
Less: Pledged bank deposits	**(35,823)**	(37,306)
Total	**97,606**	103,515

The total maximum financing guarantees issued represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted.

Except for the above, there are no significant concentrations of credit risk within the Group in relation to other financial assets.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans or other interest-bearing loans.

The maturity of the financial liabilities of the Group at the end of each of the reporting period is as follows:

31 March 2018

	On demand or no fixed terms of repayment HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Other payables and accruals	2,732	–	–	–	–	2,732
Liabilities from guarantees	48,357	–	–	–	–	48,357
	51,089	–	–	–	–	51,089

31 March 2017

	On demand or no fixed terms of repayment HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade payables	1,716	–	–	–	–	1,716
Other payables and accruals	2,364	–	–	–	–	2,364
Liabilities from guarantees	38,189	–	–	–	–	38,189
Tax payables	1,196	–	–	–	–	1,196
	43,465	–	–	–	–	43,465

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net cash divided by the total capital plus net cash. Net cash includes trade payables, other payables and accruals, liabilities from guarantees less cash and cash equivalents and pledged bank deposits. Capital includes equity attributable to equity holders of the Company. The gearing ratios as at the end of reporting periods were as follows:

	2018 HK$'000	2017 HK$'000
Trade payables	**–**	1,716
Other payables and accruals	**2,732**	2,364
Liabilities from guarantees	**48,357**	38,189
Less: Cash and cash equivalents	**(265,630)**	(290,287)
Pledged bank deposits	**(35,823)**	(37,306)
Net cash	**(250,364)**	(285,324)
Total capital:		
Equity attributable to equity holders	**455,147**	446,208
Capital and net cash	**204,783**	160,884
Gearing ratio	**N/A**	N/A

38. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS		
Investment in subsidiaries	**6,066**	10,773
Due from subsidiaries	**364,031**	308,717
Total non-current assets	**370,097**	319,490
CURRENT ASSETS		
Prepayments, deposits and other receivables	**170**	–
Cash and cash equivalents	**41,760**	117,960
Total current assets	**41,930**	117,960
CURRENT LIABILITY		
Other payables	**739**	332
Total current liability	**739**	332
NET CURRENT ASSETS	**41,191**	117,628
TOTAL ASSETS LESS CURRENT LIABILITY	**411,288**	437,118
NON-CURRENT LIABILITY		
Due to subsidiaries	**170**	2,114
Total non-current liability	**170**	2,114
Net assets	**411,118**	435,004
EQUITY		
Share capital	**19,800**	19,800
Reserves *(Note)*	**391,318**	415,204
Total equity	**411,118**	435,004

Fung Kwok Kit
Chairman

Zhong Can
Director

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium HK$'000	Share option reserve HK$'000 *(note 26)*	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016				
Loss for the year and total comprehensive income for the year	–	–	(22,038)	(22,038)
Transfer of share option reserve upon lapsing of share options	–	(10,613)	10,613	–
At 31 March 2017 and at 1 April 2017	**485,679**	**59,764**	**(130,239)**	**415,204**
Loss for the year and total comprehensive income for the year	**–**	**–**	**(23,886)**	**(23,886)**
Transfer of share option reserve upon lapsing of share options	**–**	**(31,838)**	**31,838**	**–**
At 31 March 2018	**485,679**	**27,926**	**(122,287)**	**391,318**

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 29 June 2018.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below.

	Year ended 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
REVENUE	**20,865**	23,437	64,999	96,515	139,091
Cost of sales	**(7,508)**	(7,489)	(57,283)	(85,833)	(128,382)
Gross profit	**13,357**	15,948	7,716	10,682	10,709
Other income and gains	**33,852**	5,568	307	122	86
Impairment of goodwill	**–**	–	–	(573)	(670)
Impairment of intangible asset	**–**	–	–	(252)	–
Impairment of trade receivables	**(1,280)**	–	–	–	(6,000)
Impairment of other receivables	**(3,348)**	–	–	–	–
Impairment of receivables for default guarantee payments and receivables from guarantee customers	**(24,870)**	(11,846)	–	–	–
Impairment of investment in associates	**–**	(181)	–	–	–
Impairment of amount due from associates	**(1,240)**	(79)	–	–	–
Written off of retention receivables	**–**	–	–	(6,222)	–
Equity-settled share option expenses	**–**	–	(70,377)	–	–
General and administrative expenses	**(12,636)**	(14,445)	(10,772)	(9,799)	(9,873)
PROFIT/(LOSS) BEFORE TAX	**3,835**	(5,035)	(73,126)	(6,042)	(5,748)
Income tax expense	**(1,310)**	(8,589)	(547)	(723)	(756)
PROFIT/(LOSS) FOR THE YEAR	**2,525**	(13,624)	(73,673)	(6,765)	(6,504)
Attributable to:					
Owners of the Company	**2,525**	(13,624)	(73,673)	(6,765)	(6,504)
Non-controlling interests	**–**	–	–	–	–
	2,525	(13,624)	(73,673)	(6,765)	(6,504)

ASSETS AND LIABILITIES

	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**506,236**	489,673	462,938	143,656	162,976
TOTAL LIABILITIES	**(51,089)**	(43,465)	(3,423)	(4,998)	(15,779)
NON-CONTROLLING INTERESTS	**–**	–	–	30	30
	455,147	446,208	459,515	138,688	147,227