



ANNUAL REPORT
2018/19



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code : 252



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chua Nai Tuen
(Chairman and Managing Director)
Mr. Nelson Junior Chua
Mr. Gilson Chua

Non-Executive Directors

Mr. Chan Man Hon, Eric
Mr. Jimmy Siy Tiong
Mr. Tsai Han Yung
Ms. Vivian Chua
Mr. Samuel Siy Yap
(resigned on 29 March 2019)

Independent Non-Executive Directors

Mr. Chan Siu Ting
Mr. James L. Kwok
Mr. Wong Shek Keung
Mr. Tsui Ka Wah

AUDIT COMMITTEE

Mr. Chan Siu Ting *(Chairman)*
Mr. Chan Man Hon, Eric
Mr. James L. Kwok
Mr. Tsai Han Yung
Mr. Wong Shek Keung
Mr. Tsui Ka Wah

REMUNERATION COMMITTEE

Mr. Wong Shek Keung *(Chairman)*
Mr. Chua Nai Tuen
Mr. Chan Siu Ting

NOMINATION COMMITTEE

Mr. Chua Nai Tuen *(Chairman)*
Mr. James L. Kwok
Mr. Tsui Ka Wah

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial
Bank of China (Asia) Limited
OCBC Wing Hang Bank Limited

SOLICITORS

Vincent T. K. Cheung, Yap & Co.

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

COMPANY SECRETARY

Mr. Lam Wing Yiu
(appointed on 24 May 2018)
Mr. Kwok Tung Fai
(resigned on 24 May 2018)

REGISTERED OFFICE

Units 407-410, 4th Floor, Tower 2,
Silvercord, No. 30 Canton Road,
Tsimshatsui, Kowloon, Hong Kong.

SHARE REGISTRAR

General Secretarial Services Limited,
26th Floor, KP Tower,
93 King's Road, North Point,
Hong Kong

STOCK CODE

252

INTERNET ADDRESS HOMEPAGE

<http://www.seapnf.com.hk>

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Chua Nai Tuen, aged 66, was appointed as an Executive Director and Managing Director in 1973 and was further appointed as Chairman of the Company in 2000. He was appointed as the Chairman of the Nomination Committee on 16 March 2012 and a member of the Remuneration Committee on 25 March 2013 respectively. Mr. Chua is responsible for the formulation and execution of the Group's overall strategic planning, business development and seeking business opportunities for the Group. He is also the Director of other companies in the Group. He has over 40 years' experience in finance, property investment and development, hotel, manufacturing and distribution of plastics packaging materials business.

Mr. Nelson Junior Chua, aged 40 was appointed as a Non-executive Director of the Company on 15 April 2008 and was redesignated as an Executive Director on 16 July 2010. He has been appointed as an Authorized Representative of the Company with effect from 1 April 2014. He is also the Director of other companies in the Group. Mr. Nelson Junior Chua has over 15 years' experience in financial information analysis and research. He graduated from the Queen Mary & Westfield College in United Kingdom and obtained a Bachelor's degree in Molecular Biology.

Mr. Gilson Chua, aged 39, was appointed as an Executive Director of the Company on 15 April 2008. He joined the Group in 2002. He is the Director and Deputy General Manager of Nan Sing Plastics Limited and he is also the Director of other companies in the Group. He graduated from the University of Warwick in United Kingdom and obtained a Bachelor's degree in Computer and Business Studies.

NON-EXECUTIVE DIRECTORS

Mr. Chan Man Hon, Eric, aged 62, was appointed as a Non-executive Director of the Company in 1994 and was further appointed as a member of the Audit Committee and the Remuneration Committee in 2001 and 2005 respectively. Mr. Chan is a practising solicitor in Hong Kong. He obtained a Bachelor of Laws degree from the University of Hong Kong and was admitted as a solicitor in Hong Kong in 1981. He was further admitted as a solicitor in England and Australia in 1984 and 1985 respectively. He is a consultant of Vincent T. K. Cheung, Yap & Co.

Mr. Jimmy Siy Tiong, aged 83, was appointed as a Non-executive Director of the Company in 1978. Mr. Siy was the former President of Sanyo Philippines Inc., a company incorporated in the Philippines.

Mr. Tsai Han Yung, aged 53, was appointed as a Non-executive Director of the Company in 2000 and was further appointed as a member of the Audit Committee in 2001. Mr. Tsai holds management positions in certain companies in Taiwan.

Ms. Vivian Chua, aged 39, was appointed as a Non-executive Director of the Company on 15 April 2008. Ms. Chua joined the Group in 2005. She is a Marketing and Planning Analyst of Nan Sing Plastics Limited and an Assistant Manager responsible for the Group's property management. She graduated from The University of British Columbia in Canada and obtained a Bachelor's degree in Commerce.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

NON-EXECUTIVE DIRECTORS (Cont'd)

Mr. Samuel Siy Yap, aged 60, was appointed as a Non-executive Director of the Company on 30 September 2008. Mr. Siy is a businessman with over 30 years of experience in manufacturing and product distribution. He graduated from Ateneo De Manila University in the Philippines and obtained a Bachelor's degree of Science in Management Engineering. Mr. Siy resigned as a Non-executive Director on 29 March 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Siu Ting, aged 67, was appointed as an Independent Non-executive Director of the Company and Chairman of the Audit Committee in 2006 and a member of the Nomination Committee in 2012 respectively. Mr. Chan has been practising as a Certified Public Accountant in Hong Kong for over 20 years. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and a member of The Institute of Chartered Accountants in England and Wales. He is currently a Director of Wong Chan Lau C.P.A. Company Limited, Certified Public Accountants (Practising).

Mr. James L. Kwok, aged 67, was appointed as an Independent Non-executive Director of the Company in 1994 and was further appointed as a member of the Audit Committee in 2001. He was also appointed as a member of the Nomination Committee on 16 March 2012. Mr. Kwok obtained a MBA degree from the Wharton School, University of Pennsylvania. He started his career in banking and had held the position of manager of the Asian portfolios of a major American bank in Hong Kong. For the past two decades, he held a management position in a group of private companies in Hong Kong and North America which were involved in general trading, property investment and garment business.

Mr. Wong Shek Keung, aged 76, was appointed as an Independent Non-executive Director of the Company and a member of the Audit Committee and Remuneration Committee in 2005. On 25 November 2010, Mr. Wong was appointed as Chairman of the Remuneration Committee. Mr. Wong has over 40 years' extensive experience in banking, finance and administration. He had held a senior position of a reputable French bank's Hong Kong Branch and had been an advisor to the Chairman of a down manufacturing company in Mainland China.

Mr. Tsui Ka Wah, aged 66, was appointed as an Independent Non-executive Director of the Company on 21 September 2012 and a member of the Audit Committee and the Nomination Committee on 25 March 2013. Mr. Tsui has extensive experience in banking industry with US-based and local banks, and has held various managerial positions in corporate, retail and private banking. He was the President of the Greater China Region of a US-based bank, overseeing operations in Taiwan, PRC and Hong Kong. Mr. Tsui holds a Bachelor of Arts degree and a Master of Business Administration from the Chinese University of Hong Kong. Currently, Mr. Tsui is an Independent Non-executive Director of Oriental Explorer Holdings Limited (stock code: 430), Multifield International Holdings Limited (stock code: 898) and Grand Ming Group Holdings Limited (stock code: 1271) respectively whose shares are listed on the Stock Exchange of Hong Kong Limited. Mr. Tsui is presently the CEO of SME Credit Company Ltd.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT

Mr. Choy Tin Woo, Johnnie, aged 64, is the Executive Director and Responsible Officer of Stockwell Securities Limited and Stockwell Commodities Limited. He is also the Director of other companies in the Group. Mr. Choy joined the Group in 1976 and is responsible for the Group's securities and commodities dealings.

Mr. Fu Ka Tsang, aged 61, is the General Manager of the Company and he is also a Director of other companies in the Group. Mr. Fu joined the Group in 1995 and is responsible for the Group's manufacturing and property investment and development business.

Ms. Tsai Sui Chiong, aged 62, was graduated from the University of the Philippines with a Bachelor of Science Degree in Hotel and Restaurant Management. Ms. Tsai has over 30 years solid experience in hotel industry. Ms. Tsai joined the Group in May 2014 and presently is the manager of Hotel Benito.

Mr. Lam Wing Yiu, aged 33, is the Group Financial Controller, Company Secretary and Authorized Representative of the Company. Mr. Lam joined the Group in 2017 and is being responsible for oversight of the Group's financial and accounting operations and also overall company secretarial matters.

Mr. Lam has more than 10 years of experience in accounting and finance related work. Mr. Lam obtained a bachelor of business administration in accounting from the Hong Kong University of Science and Technology in November 2008. Mr. Lam has been a member of the Hong Kong Institute of Certified Public Accountants since January 2012, an associate member of the Hong Kong Institute of Chartered Secretaries since June 2018.

Messrs. Chua Nai Tuen, Jimmy Siy Tiong and Tsai Han Yung are brothers. Both Mr. Nelson Junior Chua and Mr. Gilson Chua are the sons of Mr. Chua Nai Tuen. Mr. Samuel Siy Yap is the nephew of Messrs. Chua Nai Tuen, Jimmy Siy Tiong and Tsai Han Yung and he is the cousin of Mr. Nelson Junior Chua, Mr. Gilson Chua and Ms. Vivian Chua. Ms. Vivian Chua is the niece of Messrs. Chua Nai Tuen, Jimmy Siy Tiong and Tsai Han Yung and she is the cousin of Messrs. Nelson Junior Chua, Gilson Chua and Samuel Siy Yap. Save as disclosed, the directors and senior management do not have any relationships as set out in Rule 12 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Southeast Asia Properties & Finance Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to submit to the shareholders (the "Shareholders") the annual report of the Group for the year ended 31 March 2019.

RESULTS

During the year, revenue was HK\$517.2 million (2018: HK\$535.8 million), the loss attributable to owners of the Company was HK\$46.8 million (2018: profit attributable to owners of the Company of HK\$65.7 million) and loss per share was HK20.8 cents (2018: earnings per share of HK29.8 cents).

During the year, the Group's loss before tax was HK\$39.5 million (2018: profit before tax of HK\$73.7 million). Given below is an analysis of the profit from operations of the Group's principal activities:

	2019 HK\$'000	2018 HK\$'000
Property investment, development and leasing/hotel operation	(1,568)	11,377
Manufacturing and distribution of plastics packaging materials	25,658	17,004
Broking and securities margin financing	4,700	11,831
Gain arising on change in fair value of investment properties	7,410	27,516
Profit from operations	36,200	67,728
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss	-	(480)
Impairment loss recognised in respect of amount due from an associate	-	(310)
Gain on disposal of available-for-sale financial assets	-	3,540
Cumulative gains arising on change in fair value of disposed available-for-sale financial assets	-	7,671
Finance costs	(11,452)	(6,655)
Share of results of associates	(64,298)	2,222
(Loss) profit before tax	<u>(39,550)</u>	<u>73,716</u>



CHAIRMAN'S STATEMENT

DIVIDENDS

The Board has recommended the payment of a final dividend of HK3 cents per ordinary share (2018: HK3 cents per ordinary share) in respect of the year ended 31 March 2019 to all Shareholders of the Company whose name appear on the register of members of the Company on 6 September 2019. Subject to the approval of shareholders at the forthcoming annual general meeting (the "AGM"), the payment of the final dividend will be made on or about 4 October 2019.

ANNUAL GENERAL MEETING

The AGM will be convened to be held on Friday, 30 August 2019. The Notice of AGM will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and sent to the shareholders of the Company, together with the Company's 2018/19 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Tuesday, 27 August 2019 to Friday, 30 August 2019, both days inclusive, during which period no share transfers can be registered. In order to eligible to attend and vote at the AGM, all transfer, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, General Secretarial Services Limited at 26th Floor, KP Tower, 93 King's Road, North Point, Hong Kong, not later than 4:30 p.m. on Monday, 26 August 2019.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 5 September 2019 to Friday, 6 September 2019, both dates inclusive, during which period no share transfers can be registered. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, General Secretarial Services Limited at 26th Floor, KP Tower, 93 King's Road, North Point, Hong Kong, not later than 4:30 p.m. on Wednesday, 4 September 2019.

CHAIRMAN'S STATEMENT

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

Financial and Business Review

For the year ended 31 March 2019, the Group recorded revenue of HK\$517.2 million, a decrease of HK\$18.6 million, or 3.5% as compared with HK\$535.8 million in the preceding year. The Group incurred a loss for the year attributable to owners of the Company of HK\$46.8 million compared to a profit of HK\$65.7 million achieved in the last financial year. It was mainly attributable to: (1) the decrease in gain on change in fair value of investment properties of HK\$20.1 million; (2) the increase in spin-off expenses for Hotel Group of HK\$5.9 million; (3) write-down of stock of property of HK\$6.3 million; (4) the increase in finance costs of HK\$4.8 million for the purchase of the property in Kwai Chung; and (5) the decrease in share of results of associates of HK\$66.5 million, which is mainly from an impairment allowance in respect of a land of an associate in Philippines, after prolonged proceedings and the unexpected outcome on the possession of legal title of the land.

Property Investment, Development and Leasing/Hotel Operation

This segment comprises property investment, development and leasing in Hong Kong and PRC and provision of hotel services in Hong Kong. For year ended 31 March 2019, this segment recorded revenue of HK\$49.2 million, an increase of HK\$2.0 million, or 4.2% as compared with HK\$47.2 million in last year. Including the gain arising on change in fair value of investment properties of HK\$7.4 million, a decrease of HK\$20.1 million, or 73.1% as compared with HK\$27.5 million in the preceding year, the profit from operations was HK\$5.8 million, a decrease of HK\$33.1 million, or 85.1% as compared with the profit from operations of HK\$38.9 million in last year.

(i) Property Investment, Development and Leasing

For the year ended 31 March 2019, most of the Group's investment properties were leased out to generate steady rental income for the Group. The total rental income and rental related income amounted to HK\$21.6 million, which was more or less at the same level as compared with last year. The change of tenant mix and the progressive conversion of Everglory Centre are still in place during the year. The decrease in gain arising on change in fair value of investment properties of HK\$20.1 million and write-down of stock of property of HK\$6.3 million are mainly due to signs of moderation after buoyant property market in preceding year and depreciation in Renminbi ("RMB") against HK\$ during the year.

(ii) Hotel Operation

For the year ended 31 March 2019, hotel accommodation income achieved total revenue of HK\$27.6 million, which was HK\$2.2 million or 8.7% higher than the preceding year of HK\$25.4 million. Benefited from a steady growth of 6.1% in overnight visitor arrivals and an 8.6% increase in overnight visitor arrivals from Mainland China, our hotel was able to achieve an average occupancy rate of 96.5%, 2.4% higher than the preceding year and above industry average of 93%. The average room rate recorded an increase of 6.1% and resulting in a corresponding increase in revenue per available room on a year-to-year basis of 8.8%.

Manufacturing and Distribution of Plastic Packaging Materials

For the year ended 31 March 2019, this segment recorded a revenue of HK\$449.9 million, a decrease of HK\$11.1 million or 2.4% as compared with HK\$461.0 million in the preceding year due to a drop in sales in our trading division. The segment profit was HK\$25.7 million, an increase of HK\$8.7 million or 51.2% as compared with HK\$17.0 million in the preceding year as we enjoyed higher profit margin from the export sales due to the depreciation of the RMB against US\$.

Due to the economic threat posed by the US trade war, RMB has weakened by about 7% against the United State dollar (“US\$”) since the beginning of April. Furthermore, the Central Government announced taxes cut and fees reduction measures swiftly after the Office of the United States Trade Representative (USTR) released a list of approximately US\$200 billion worth of Chinese imports that will be subject to additional tariffs of 10% effective starting from September 24, 2018 in July 2018. These measures helped ease our overall financial burden and weather the slowing growth.

Broking and Securities Margin Financing

During the year, as a fragile global outlook and the US-China trade war dampened economic activities, Hong Kong stock market continued to be disturbed by the weak market sentiment. Hang Seng Index dropped to its lowest points of 24,500. However, at the first quarter of 2019, Hang Seng Index advanced greatly by 5,000 points, led by the spur of A-shares in China and lighting up by United States and China are nearing a trade deal.

For the year ended 31 March, 2019, the brokerage commission was decreased by HK\$6.5 million or 38.7% to HK\$10.3 million, as compared to the preceding year amounted to HK\$16.8 million. The interest received from clients was HK\$7.7 million, represented a decrease of HK\$2.2 million or 22.2% as compared to HK\$9.9 million in the preceding year. The segment profit was HK\$4.7 million, a decrease of HK\$7.1 million or 60.2% as compared to HK\$11.8 million in the preceding year. The decrease in segment profit was mainly due to the decline in brokerage commission and interest income from clients which were dragged down by the decrease in overall market turnovers.

Proposed Spin-Off of the Group's Hotel Operation Business

On 14 September 2017, the Stock Exchange confirmed that the Company may proceed with the spinoff (the “Proposed Spin-off”) and separate listing (the “Listing”) of the Group's hotel business on GEM of the Stock Exchange. On 23 May 2018, the wholly-owned subsidiary of the Company, Hotel Benito Holdings Limited (“HBH”) submitted a listing application (the “Application”) to the Stock Exchange to apply for the Listing, by way of introduction of, the HBH's shares on GEM of the Stock Exchange. On 18 September 2018, HBH received a letter from the Stock Exchange, which stated that the GEM Listing Approval Group of the Listing Department of the Stock Exchange (the “Approval Group”) held a meeting on 12 September 2018 and resolved to reject the Application. On 6 November 2018, HBH applied to the Stock Exchange for review of the decision of the Approval Group made on 12 September 2018 in relation to the Application. On 6 December 2018, the Stock Exchange informed the Company that GEM Listing Committee upholds the decision of Approval Group and the Company decided not to proceed with the Proposed Spin-off.

CHAIRMAN'S STATEMENT

Whilst the Proposed Spin-off will not proceed as originally scheduled, the Company will continue to monitor market conditions to assess the appropriate opportunities for the spin-off in the future, when market conditions improve, to create value for the Shareholders.

Strategies and Prospects

Looking ahead, as the unstable and the volatility of global economic environment, our businesses may be adversely affected. To cope with the uncertainties, we will cautiously review and adjust our business strategies from time to time.

Property Investment, Development and Leasing

Due to unforeseen circumstances, the construction into office building of our bare site of No. 111 King's Road, North Point, Hong Kong is delayed and is now estimated to be completed by next financial year. Phase 2 renovation of the Everglory centre is expected to be completed in the second quarter of 2019. Due to the synergy effect with Phase 1 renovation, continual increase in the occupancy rate of our dedicated desks and serviced offices is expected in the coming financial year. The Group has completed the acquisition of the property in Kwai Chung during the year and this acquisition has enriched the property portfolio of the Group for future development.

The escalating tension between China and the United States has created uncertainties on the global economy. Investor sentiment in Hong Kong property market appears to have deteriorated. The Group will monitor the market closely and consider different opportunities and strategies in order to make use of our property portfolio to generate favorable return.

Hotel Operation

Looking forward, the year 2019–20 will be a challenging year. The escalating tension between China and the United States on the trade disputes, the unclear situation of the Brexit, the increasing geopolitical tensions in different regions, the slowdown of global economy growth and the additional competitive room supply will still pose threats to the hotel and tourism industry. However, we remain cautiously optimistic. We are confident in the continued growth of tourism industry. The Express Rail Link and Hong Kong – Zhuhai – Macau Bridge continue to attract the overseas and in particular the visitors to Hong Kong. The Belt-and-Road Initiative, Guangzhou – Hong Kong – Macao Bay Area (Greater Bay Area) will further strengthen Hong Kong's position and ability to maintain as a preferred tourism destination for both business and leisure travelers.

To manage the challenging year, we will continue to focus on offering competitive rates and promotions to targeted markets through online reservation systems, carefully control costs and expenses, provide high standard of service to customers and work hard to maintain staff continuity.

Manufacturing and Distribution of Plastic Packaging Materials

The U.S. Trade representative increased the rate of additional duty from 10 percent to 25 percent for Chinese products exported to the United States on or after May 10, 2019, which would inevitably have a negative impact on our export sales to the US.

In addition, the European Parliament passed a bill stipulating that the EU Member States will ban the use of “single-use plastic products” such as straws, tableware and bags from 2021 and replace them with reusable, recyclable and sustainable alternatives. The EU also encourages Member States to gradually reduce the use of plastic packaging and adopt stricter labeling rules.

With the trade war rumbling on and the widespread support for ban on single-use plastic products continues to gain momentum, we will focus on both Greater China and non-US export markets and promote recyclable and sustainable alternatives to offset the trade tension between China and the US and fulfil the global pursuit of green lifestyle.

Broking and Securities Margin Financing

Looking ahead, subsequent to rapid rise in the stock market, investors begin to look back to the fundamental issue of profit earning of enterprises. It also believed that the uncertainties over trade talks might impact the market in short term. In addition, the economic data announced by China are inconsistently with the fears that China might slip into economic downturn. All of these will hinder the market optimistic momentum.

As usual, it is our strategy to continue to recruit more account executives in order to enlarge our clients' base. Our business may perform steadily if good investment situation can sustain in worldwide equity market.

Liquidity and Financial Resources

The Group takes a consistent capital management strategy, providing adequate liquidity to meet the requirement of the Group's developments and operations and monitors its capital on the basis of net debt to equity ratio.

As at 31 March 2019, cash and cash equivalents were HK\$91.0 million (2018: HK\$90.2 million) and trade and other receivables were HK\$156.4 million (2018: HK\$133.8 million). Trade and other payables were HK\$136.9 million (2018: HK\$184.3 million). The Group's cash position remains strong with a slight increase in cash and cash equivalents of HK\$0.8 million this year. The increase in trade and other receivable was mainly attributable to the increase in secured margin clients.

As at 31 March 2019, the Group's bank loans increased from HK\$283.3 million as at 31 March 2018 to HK\$389.0 million, in which the short term borrowings amounted to HK\$202.2 million (2018: HK\$85.0 million) and long term borrowings amounted to HK\$186.7 million (2018: HK\$198.3 million). The Group's current year net debt to equity ratio was 23.9% (2018: 14.6%), calculated on the basis of the Group's total debts less restricted cash and cash and cash equivalents divided by total equity attributable to owners of the Company. The increase in the net debt to equity ratio resulted mainly from increase in bank borrowings used for acquisition of the property in Kwai Chung during the current year.

CHAIRMAN'S STATEMENT

Capital Structure

As at 31 March 2019, the total equity attributable to owners of the Company amounted to HK\$1,227.8 million (2018: HK\$1,291.5 million). The Group's consolidated net assets per share as at the reporting date was HK\$5.48 (2018: HK\$5.76).

Foreign Exchange Exposure

The Group operates in Hong Kong and the PRC and majority of transactions are denominated in HK\$, US\$ and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group and the Company.

The Group is not exposed to foreign exchange risk in respect of HK\$ against the US\$ as long as US\$ is pegged.

To minimise exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in HK\$ and US\$. The Group has no significant exposure to foreign exchange rate fluctuations.

The transactions and monetary assets and liabilities denominated in RMB outside the PRC is minimal, the Group consider that there is no significant foreign exchange risk in respect of RMB.

Material Acquisitions and Disposals

During the year ended 31 March 2019 and 2018, there was no other material acquisitions or disposals of subsidiaries or associated companies.

APPRECIATION

Finally, I would like to thank the Board and all the staffs for their diligence and dedication in the past year.

Chua Nai Tuen
Chairman

Hong Kong, 21 June 2019

CORPORATE GOVERNANCE PRACTICES

The Company is dedicated to attaining and maintaining high standards of corporate governance. The Directors recognise that good corporate governance practices and procedures are essential to ensure the Company's transparency and accountability and to its long term success as well as to enhance the value of the Shareholders and safeguard their interests. The Company has adopted the code provision (the "Code Provision") of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange as its own code of corporate governance.

Throughout the year ended 31 March 2019, the Company has complied with the CG Code save as disclosed in the paragraph headed "Chairman and Chief Executive Officer", "Chairman's Meeting with Independent Non-executive Directors" and "Annual General Meeting" below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors of the Company, they have confirmed that they have complied with the Model Code during the year.

THE BOARD OF DIRECTORS

(i) Composition of the Board, number of Board meetings and Directors' attendance

The Board comprises eleven Directors as at the date of this report. Biographical details of Directors and relationship among Directors are disclosed in "Directors and Senior Management Profile" of the Annual Report. The Company's Board has a balance of skills and experience and a balanced composition of executive and non-executive directors. Thirteen full board meetings were held during the year. Senior management executives may, from time to time, be invited to attend the board meetings for making presentation and/or answering any queries that may be raised by the Board. All Directors have access to the advice and services of the company secretary and independent professional advice may be sought by the Directors if required.

Each Director of the Company has been appointed on the strength of his/her calibre, experience and his/her potential to contribute to the proper guidance of the Group and its businesses. Apart from formal meetings, matters requiring board approval were arranged by means of circulation of written resolutions.

CORPORATE GOVERNANCE REPORT

The Board has set up three committees, namely the audit committee (the “Audit Committee”), the remuneration committee (the “Remuneration Committee”) and the nomination committee (the “Nomination Committee”) to oversee particular aspects of the Group’s affairs. The committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice in appropriate circumstances, at the Company’s expenses.

The attendance of individual Directors at Board Meetings (BM), Audit Committee Meetings (ACM), Remuneration Committee Meetings (RCM), Nomination Committee Meeting (NCM) and AGM during the financial year is set out below:

	BM	ACM	RCM	NCM	AGM
Chua Nai Tuen	13/13	–	1/1	1/1	1/1
Nelson Junior Chua	8/13	–	–	–	1/1
Gilson Chua	11/13	–	–	–	1/1
Chan Man Hon, Eric	6/13	4/4	–	–	0/1
Jimmy Siy Tiong	3/13	–	–	–	0/1
Tsai Han Yung	6/13	4/4	–	–	1/1
Vivian Chua	6/13	–	–	–	1/1
Samuel Siy Yap <i>(resigned on 29 March 2019)</i>	3/13	–	–	–	0/1
Chan Siu Ting	5/13	4/4	1/1	–	0/1
James L. Kwok	6/13	4/4	–	1/1	1/1
Wong Shek Keung	5/13	4/4	1/1	–	0/1
Tsui Ka Wah	6/13	4/4	–	1/1	1/1

(ii) The Operation of the Board

The Company is headed by an effective Board which takes decisions objectively in the interests of the Company. The Company’s management has closely monitored changes to regulations that affect its corporate affairs and businesses and changes to accounting standards, and adopted an appropriate reporting format in its interim report, annual report and other documents to present a balanced, clear and comprehensible assessment of the Group’s performance, position and prospects. Where these changes are pertinent to the Company or Directors’ disclosure obligations, the Directors are briefed during Board Meetings to keep them abreast of their responsibilities and of the conduct, business activities and development of the Group. Newly appointed Directors receive information on their legal and other responsibilities as a Director and the role of the Board. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company. Decisions on important matters, including those affecting the Group’s strategic policies, major investments and funding decisions are specifically reserved to the Board whereas decisions on the Group’s general operations are delegated to the management.

Moreover, the Company has maintained a procedure for its directors to seek independent professional advice, in appropriate circumstances, at the Company’s expense in discharging their duties to the Company.

(iii) Directors' and Officers' Liability

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and Officers of the Group from their risk exposure arising from the businesses of the Group.

(iv) Directors' Continuous Training and Development

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Directors are regularly briefed on the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime with written materials. All Directors have provided record of training and the Company will continue to arrange the training in accordance with paragraph A.6.5 of the Code Provisions.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Chua Nai Tuen serves as the Chairman and also the Chief Executive Officer of the Company. This is a deviation from the Code Provision A.2.1 with respect to the roles of Chairman and Chief Executive Officer to be performed by different individuals.

After reviewing the management structure, the Board is of the opinion that Board decisions are collective decisions of all Directors made by way of voting and not decisions of the Chairman of the Board alone. Further, there is a clear division of responsibilities with independent operations between the Board members and the management of the day-to-day business of the Company.

As such, the power of management of the Company is not concentrated in any one individual. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group.

CHAIRMAN'S MEETING WITH INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Code Provision A.2.7, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the year ended 31 March 2019, a formal meeting could not be arranged between the chairman and the independent non-executive directors without the presence of other directors due to the tight schedules of the chairman and the independent non-executive directors. Although such meeting was not held during the year, the chairman has delegated the company secretary of the Company to gather any concerns and/or questions that the independent non-executive directors might have and report to him for setting up follow-up meetings, whenever necessary.

ANNUAL GENERAL MEETING

Pursuant to Code Provision A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meeting of the Company. During the year, certain independent non-executive directors and non-executive directors were unable to attend the AGM of the Company held on 31 August 2018 as they had other business engagements.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS

The Company has set up a Remuneration Committee consisting of two independent non-executive directors and one executive director. Mr. Wong Shek Keung is currently the Chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are aligned with the provisions set out in the Code. Given below are the main duties of the Remuneration Committee:

- (i) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management;
- (ii) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management;
- (iii) to review and approve the remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (iv) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment;
- (v) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; and
- (vi) to ensure that no director or any of his associates is involved in deciding his own remuneration.

The work performed by the Remuneration Committee during the year is summarised below:

- (i) review of the Company's policy and structure of all remuneration of Directors and senior management;
- (ii) consideration of the emoluments for all Directors and senior management; and
- (iii) review of the level of Directors' fees.

The basis of determining the emoluments payable to its Directors and senior management by the Company ties with their duties and responsibilities within the Group. The Directors' fees are from time to time approved by the Shareholders of the Company and they are regularly reviewed and compared with other listed companies in Hong Kong.

NOMINATION OF DIRECTORS

The Company has established the Nomination Committee in compliance with the Listing Rules. The Nomination Committee currently comprises one executive Director and two independent non-executive Directors. Mr. Chua Nai Tuen is currently the Chairman of the Nomination Committee.

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge as well as the requirements under the Listing Rules.

During the year ended 31 March 2019, the Nomination Committee had convened one meeting during which it had reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company and assessed the independence of all the independent non-executive directors of the Company.

NOMINATION POLICY

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:–

- (a) Reputation for integrity;
- (b) Relevant skills and experience in relevant sectors;
- (c) Commitment in respect of sufficient time, interest and attention to the Company's business;
- (d) Diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge;
- (e) Compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive director; and
- (f) Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Company's Articles of Association and other applicable rules and regulations.

The secretary of the Nomination Committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the Nomination Committee. The Nomination Committee may also nominate candidates for its consideration.

CORPORATE GOVERNANCE REPORT

In the context of appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval.

In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

DIVERSITY POLICY

Pursuant to Code Provision A.5.6 of the CG Code, the Board has adopted a board diversity policy and the Nomination Committee is responsible for monitoring the achievement of the measurable objectives set out in the policy.

The Company recognises and seizes the benefits of having a diverse board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

AUDITORS' REMUNERATION

The fees in relation to the audit services provided by external auditors of the Company for the financial year ended 31 March 2019 are as follows:

	2019	2018
– Audit service	HK\$960,874	HK\$920,074
– Non-audit service	HK\$993,688	HK\$650,000

CORPORATE GOVERNANCE FUNCTION

The Board delegated the Audit Committee to perform corporate governance duties and Audit Committee has adopted written terms of reference on its corporate governance functions.

The duties of the Audit Committee in respect of the corporate governance functions include:

- (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;



CORPORATE GOVERNANCE REPORT

- (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year, the Audit Committee has performed the corporate governance duties in accordance with its terms of reference.

AUDIT COMMITTEE

The Audit Committee currently consists of four independent non-executive directors and two non-executive directors.

All members have sufficient experience in reviewing audited consolidated financial statements as aided by the external auditor of the Group whenever required. In addition, Mr. Chan Siu Ting has the appropriate professional qualifications and experience in financial matters.

The terms of reference of the Audit Committee are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. Given below are the main duties of the Audit Committee:

- (i) to make recommendations to the Board on the appointment, reappointment 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 those auditors;
- (ii) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
- (iii) to review the Company's annual report and accounts, half-year report and quarterly reports before submission to the Board, the Audit Committee should focus particularly on:
 - (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from audit;
 - (d) the going concern assumptions and any qualifications;
 - (e) compliance with accounting standards; and
 - (f) compliance with the Listing Rules and other legal requirements in relation to financial reporting;
- (iv) to discuss problems and reservations arising from the audits, and any matters the external auditors may wish to discuss;

CORPORATE GOVERNANCE REPORT

- (v) to review the audit programme, and ensure co-ordination with external auditors, of the internal audit function; and
- (vi) corporate governance function.

The work performed by the Audit Committee during the year is summarized below:

- (i) review of the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (ii) review of half-year and annual consolidated financial statements before submission to the Board, with particular consideration of the points mentioned in paragraph (iii) above regarding the duties of the Audit Committee;
- (iii) discussion with the external auditors, the nature and scope of the audit;
- (iv) review of the Group's internal control and risk management systems; and
- (v) corporate governance function.

The Company's annual report for the year ended 31 March 2019 has been reviewed by the Audit Committee. The accounts for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming AGM. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for re-appointment as the auditors of the Company at the forthcoming AGM.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements for the year ended 31 March 2019, which give a true and fair view in accordance with Hong Kong Financial Reporting Standard, Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INTERNAL CONTROLS AND RISK MANAGEMENT

I. The Purpose of Risk Management

Effective management of risks is essential for the long-term growth and sustainability of the Group's business; it blends seamlessly into strategic, operational and financial management in our Group's holistic approach to management control. It is always a challenge to determinately identify and manage the pertinent risks so that they are treated, transferred, terminated or simply taken, where appropriate. To achieve this, the Board delegates to the Audit Committee to ensure that there is a framework of continuous risk management process of identifying, evaluating and managing significant risks faced by the Group.

2. The Approach and Processes of Risk Management and Risk Categories

The Approach

The Group adopts an integrated top-down approach complemented by a bottom-up approach in the risk management process. The top-down approach involves the corporate view from the Board and management on risks which may have significant impact to the Group. The bottom-up approach identifies, evaluates and manages key risks of each business units. Our process is designed to manage risks and not eliminate all risks.

The Process

The processes used to identify, evaluate and manage significant risks faced by the Group, are summarized as follows:

Risk Identification

- Identifies risks that may potentially affect the Group's business and operations.

Risk Evaluation

- Evaluate the risks identified by using the criteria developed by the management; and
- Considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response

- Prioritizes the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures the appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

Control procedures have been designed to (i) safeguard assets against misappropriation and disposition; (ii) ensure compliance with relevant laws, rules and regulations; (iii) ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; and (iv) to provide reasonable assurance against material misstatement, loss or fraud.

CORPORATE GOVERNANCE REPORT

The Risk Categories, Risk Mitigating measures, and Risk level assessed

During the year, the risk management process assessed the following risk aspects, under 16 different categories, in term of their impact on financial performance, reputation, health and safety, legal and compliance and staffing towards our business objectives. They are summarized as follows:

Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
1 Investment Strategy	Return on acquisitions/investments/developments of business could turn out to be uncertain due to uncontrollable external factors and may result in financial loss.	<ul style="list-style-type: none"> - Investment decisions are supported by detailed integration plan and business strategies with management approval. - Potential projects/investment are subject to an extensive due diligence review by in-house specialists and external advisors, if any. - Continuous monitoring and review of all aspects of development, planning and progress by experienced managers. - Controls over projects/investment are reviewed by Finance Department. 	Medium
2 Economic and Political Outlook	A significant portion of the Group's businesses and operations are in Hong Kong and PRC; adverse changes in economic and political environments in Hong Kong and PRC could have a direct or indirect impact to the Group's earnings.	<ul style="list-style-type: none"> - Constantly evaluate the economic environment it operates in and promptly respond to any changes. - Continuous monitoring of changes in the political agenda in Hong Kong and PRC. - Marketing strategy to cater to changes in economic and political outlook. 	Medium

CORPORATE GOVERNANCE REPORT

Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
3 Credit Risk	The borrower or counterparty may fail to perform its obligation to pay in a timely manner, or that its ability to perform such obligation may get impaired before delivery date. Therefore, the Group faces bad debts and incur financial loss.	<ul style="list-style-type: none"> - Set up Credit Committee, to put in place credit policies and procedures for approving lending including those for approving credit and trading limits for customers and approving individual stocks acceptable for margin lending at specified ratios. - The Credit Committee meets both regularly and timely to review the developments and status of past due accounts and to ensure appropriate actions are taken in a timely manner. - Regular independent review by Internal Audit function conducted by external and reputable CPA firm to ensure that the Group is operating according to the established policies, procedures and credit limits. 	Medium
4 Liquidity Risk	The Group is also exposed to liquidity risk arising from timing difference between settlements with clearing houses or brokers and customers.	<ul style="list-style-type: none"> - Active liquidity risk management to ensure the Group maintains adequate liquid capital to fund its business commitments as well as to comply with the relevant Financial Resources Rules applying to various licensed subsidiaries. - The Group's Finance Department and the management will review and monitor the Group's liquidity position on daily basis to ensure availability of sufficient liquid funds. - The Group has maintained sufficient stand-by banking and other facilities in order to meet any contingency in its operations. 	Medium

CORPORATE GOVERNANCE REPORT

Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
5 Product defects	The Group could be exposed to significant liability claims from customers and therefore incurs financial loss in the event that its products are found to be defective.	<ul style="list-style-type: none"> The Group has implemented sound systems to monitor its products at various stages of its production processes. No assurance can be given that the Group's products are free of defects. Any significant liability claims could have an adverse impact on the results of operations and reputation of the Group. 	Medium
6 Customer contracts	The Group typically enters into one-off purchase orders with its customers. As such, the amount of purchase orders may vary significantly from time to time, and it is difficult to forecast the amount of orders to be received by the Group in the future. No assurance can be given that the Group's customers will continue to place purchase orders with it in the future in similar amounts to prior periods, if at all. As a result, the results of operations of the Group may vary significantly in the future.	<ul style="list-style-type: none"> The Group maintains stringent controls over product quality to preserve its reputation over 60 years. 	Medium
7 Competitive industry	The business segments in which the Group operates are highly competitive. No assurance can be given that the Group will be able to compete successfully against its current competitors or emerging companies in the future. If the Group fails to compete effectively, the Group's results of operations, financial condition and business prospects may be materially and adversely affected.	<ul style="list-style-type: none"> The Group monitors the market competition closely and take suitable actions in response. 	Medium

CORPORATE GOVERNANCE REPORT

Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
8 Legal and Compliance	Regulatory uncertainty and/or change of legal and regulatory requirements may lead to non-compliance of local/foreign regulations, leading to reputational damage and financial loss.	<ul style="list-style-type: none"> - Actively engage with regulatory bodies and external advisors on any upcoming new legal and regulatory requirements. - Encourage staff to attend seminar to update relevant knowledge. - Establish related policies and procedures to provide clear guideline to staff. - Regular independent review by Internal Audit function conducted by external and reputable CPA firm to ensure its compliance. 	Medium
9 Human Resource	Our core businesses are in people intensive industries and loss of key staff would affect the Group's ability to deliver on its strategies.	<ul style="list-style-type: none"> - Maintain succession plans for key positions. - Regular review on the competitiveness of our compensation and benefit arrangement. - Development platform and trainings have been provided to staff. 	Low
10 Tenant and Customer	Loss of income due to change in customer spending behavior.	<ul style="list-style-type: none"> - Enhance marketing and promotion to attract customers. - Actively engage with current and potential tenants to strengthen strategic relationships. - Maintain a well-balanced tenant mix and trade mix. - Continuously update with the market trend and promptly respond. 	Low

CORPORATE GOVERNANCE REPORT

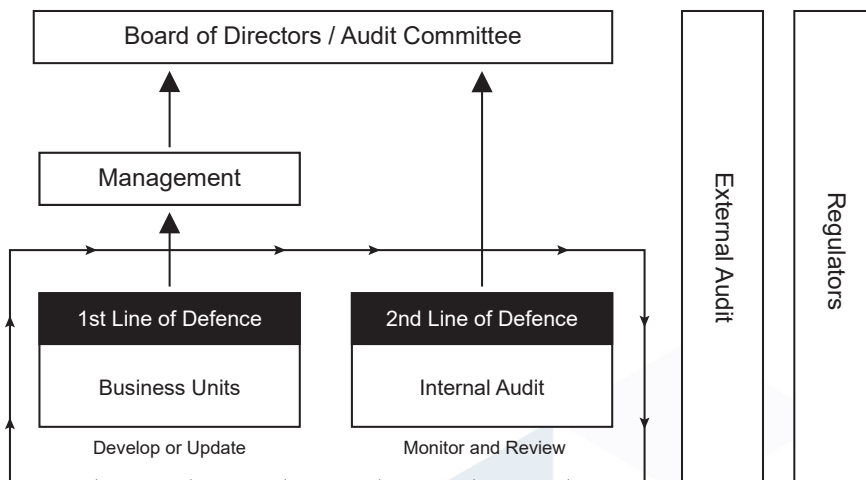
Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
11 Contractor and Supplier	Association with problematic/ substandard contractors/suppliers may cause financial and reputation loss.	<ul style="list-style-type: none"> - All key vendors are required to go through the well-established prequalification mechanism. - Closely monitoring of the performance of contractors/ suppliers. - Mechanism on picking out and deregistering problematic vendors from the list is in place. 	Low
12 Management & Operational Activities	Insufficient/ineffective internal controls in daily operations leading to financial loss and reputational damage, e.g. contractual risks, abusive use of discount, cash misappropriation, fraud committed with external parties, loss of physical assets, etc.	<ul style="list-style-type: none"> - Approval authority has been set up and well communicated among all staff. - Policies and procedures of key controls have been established and published on intranet. - Monitoring procedures, e.g. stocktaking/cash count by Group Finance, are in place. - Whistle-blowing channel has been set up. - Regular independent review by Internal Audit function conducted by external and reputable CPA firm to enhance control. 	Low
13 Information Technology	Business operations may be adversely affected and sensitive information may be leaked out by cyber-attack by internal/external hackers or security breach due to information technology infrastructure/system failure.	<ul style="list-style-type: none"> - Enforce security measures such as periodic change of password, updating antivirus and firewall protection. - Establish information technology security policy on use of information technology equipment and installation on application software. 	Low

CORPORATE GOVERNANCE REPORT

Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
14 Brand and Reputation	Protecting the Group’s brand and reputation from negative public attention which could result in significant decline in our tenant and customer base and financial loss.	<ul style="list-style-type: none"> – Continuous monitoring of media coverages, with actions taken where necessary. – Crisis management mechanism is in place with the formation of Crisis Management Committee as steered by Executive Directors, on need basis. 	Low
15 Environmental	Threats of adverse effects on environment by effluents, emissions, wastes, resource depletion, etc., arising out of daily operations.	<ul style="list-style-type: none"> – Environmental Policy have been established. – Environmental Committees have been set up to enhance environmental protection. – Green purchasing practices. – Closely monitoring on energy usage. 	Low
16 Equity Risk	Equity risk arises from fluctuation in the price and volatility of equities such as stocks, equity portfolio and stock index futures. The Group has proprietary equity investments and may incur financial loss.	<ul style="list-style-type: none"> – The Group conducts detailed analysis of the issuer’s fundamentals and pricing against market conditions and appetites. 	Low

3. Our framework of Risk Management

Our framework of risk management is “Two Lines of Defence” model as depicted below:



CORPORATE GOVERNANCE REPORT

3.1 *Board of Directors/Audit Committee*

The Board has overall responsibility for the system of risk management and internal controls of the Group and has reviewed its effectiveness. Our Board has delegated the responsibility for overseeing overall risk management and internal control systems to Audit Committee.

The Audit Committee has engaged external and reputable CPA firm, as its risk management and internal control review adviser (“External adviser”) to conduct the annual review of the risk management and internal control systems for the year ended 31 March 2019. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Audit Committee. The external adviser has reported findings and areas for improvement to the Audit Committee and the management. The Board and the Audit Committee are of the view that there are no material internal control deficiencies noted. All recommendations from the external adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Audit Committee and the Board, therefore, considered that the risk management and internal control systems are effective and adequate.

3.2 *Two Lines of Defence*

Our framework is not a standalone program. It is an integrated and continuous process, in which elements in the framework are integrated into the Group’s day-to-day operations and are continually applied under cycles of developing, monitoring, reviewing and updating.

3.2a *1st Line of Defence — Operational Management and Internal Controls*

Key internal control activities are integrated into daily operations with clear policies and procedures with the elements of governance, risk management and compliance. The policies and procedures are reviewed and updated on a regular basis to ensure their effectiveness, and shared with our employees and appropriate training.

Key Group Policies and Procedures

Key Group Policies and Procedures apply to the employees:

- **Whistle-blowing Policy** provides a proper reporting channel for employees to raise genuine concerns about malpractice or suspected wrongdoing.



CORPORATE GOVERNANCE REPORT

- **Inside Information Policy** ensures inside information of the Group is to be kept in strict confidence or otherwise disseminated to the public in a timely manner in accordance with the applicable laws and regulations.
- **Connected Transactions Policy** provides a clear guideline to employees for handling connected transaction in order to comply with the listing rules requirement.
- **Code of Conduct** stipulates the Group policy on matter of personal conduct and relationships.
- **Approval Authority** sets clear authority limits on business decision and daily operations.
- **Operational Policies and Procedures** are set in each business and functional units to provide guideline in daily operations within the corporate governance framework.

The key functions of Finance Department with direct access to Audit Committee, include:

- Establish and maintain appropriate and effective risk management system to facilitate the business units to continuously identify, evaluate and monitor risks to business objectives;
- Support management to assess and respond to emerging risks;
- Lead in modifying the control procedures of identified and/or potential irregularities at the business units;
- Assist in developing and updating the policies and procedures to ensure that key control and monitoring procedures over compliance and risk management have been integrated into the daily operations; and
- Regularly report key risks and advise mitigating strategies to the management and Audit Committee.

CORPORATE GOVERNANCE REPORT

3.2b 2nd Line of Defence — Internal Audit

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business.

As alternative, the Audit Committee as delegated by the Board, has engaged external and reputable CPA firm, as its risk management and internal control review adviser to conduct the annual review of the risk management and internal control systems for the year ended 31 March 2019. For details, please refer to section 3.1 Board of Directors/Audit Committee.

3.2c External Auditor

The external auditor further supplements the Internal Audit, the 2nd Line of Defence, by providing independent review on internal controls in relation to financial reporting process during the course of its audit work. The external auditor would report on any control issues to the Audit Committee.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report will be separately published on the Stock Exchange's website and the Company's website, within three months after publication of the Company's annual report.

COMPANY SECRETARY

Company secretary is to ensure there is a good information flow within the Board and between the Board and senior management, provides advice to the Board in relation to directors' obligations under the Listing Rules and applicable laws and regulations and assists the Board in implementing the corporate governance practices. Company secretary has provided his training records to the Company indicating his compliance with the training requirement under Rule 3.29 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors of the Company. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard laid down in the Model Code.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2019, there are no changes in the Company's constitutional documents.

DIVIDEND POLICY

The Board adopts the dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Board shall also take into account the factors, such as operations, earnings, financial condition, cash requirements and availability, capital expenditure, future development requirements, business conditions and strategies, interests of shareholders, any restrictions on payment of dividends of the Group and any other factors that the Board may consider relevant when considering the declaration and payment of dividends.

SHAREHOLDERS' RIGHTS

Under the Articles of Association of the Company and Hong Kong Companies Ordinance, shareholders holding not less than 5% of the paid up capital of the Company ("5% Shareholder") may convene an extraordinary general meeting by requisition stating the objects of the meeting, and deposit the signed requisition at the Company's registered office (Units 407-10, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong. Attention: The Company Secretary). Any 5% Shareholder may also requisition for the circulation of resolutions to be moved at a general meeting; and circulation of statements regarding resolution proposed. The special documents should be deposited at the Company's registered address as detailed above.

SHAREHOLDERS COMMUNICATION POLICY

To enhance transparency, the Company endeavours to maintain an on-going dialogue with shareholders through a variety of communication channels.

The AGM is used as an opportunity to communicate with all shareholders. The Company is also committed to providing clear and full performance information in its annual report, interim report and press releases. The Company also maintains a website at <http://www.seapnf.com.hk>, where detailed information of the Company's business developments, operations, financial and other information are posted.

Chua Nai Tuen

Chairman and Managing Director

Hong Kong, 21 June 2019

REPORT OF THE DIRECTORS

The Directors submit their report and the audited consolidated financial statements for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are investment holding and property investment. The activities of the subsidiaries are set out in note 47 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated financial statements on pages 47 to 170 of the annual report.

The Board has recommended the payment of a final dividend of HK3 cents per ordinary share (2018: HK3 cents per ordinary share), in respect of the year ended 31 March 2019 to all shareholders of the Company whose name appear on the register of members of the Company on 6 September 2019. Subject to the approval of shareholders at the forthcoming AGM, the payment of the final dividend will be made on or about 4 October 2019.

DONATIONS

Charitable and other donations made by Group amounted to HK\$39,000 (2018: HK\$2,000).

INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT

Details of movements in investment properties, other property, plant and equipment are set out in note 15 and 16 respectively to the financial statements.

BUSINESS REVIEW

The business review, including (i) review of the business of the Group for the year ended 31 March 2019; (ii) particulars of important events affecting the Group that have occurred since the end of 31 March 2019; (iii) key financial and business performance indicators; (iv) discussion on the Group's likely future business development are set out in the section headed "Chairman's Statement" on pages 6 to 12 of this report; and v) principal risks and uncertainties faced by the Group are set out in the section headed "Corporate Governance Report" on pages 22 to 27 of this report. These discussions form part of this report of the Directors.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 174 of the annual report.



REPORT OF THE DIRECTORS

SHARE ISSUED AND SHARE CAPITAL

Details of the shares issued in the year ended 31 March 2019 are set out in note 37 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Details of the properties held for investment, under development and held for own use are set out on page 171 to 173 of the annual report.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 380 employees as at 31 March 2019 (2018: 399 employees). Employees were remunerated according to nature of the job and market trend.

The Group's policy concerning the remuneration of the directors is that the amount of remuneration is determined by reference to the relevant director's experience, workload and the time devoted to the Group.

The Group contributes toward retirement income protection for its employees through the provision of retirement benefits schemes. These benefits form an important part of the group's total compensation and benefits program that is designed to attract and retain highly skilled and talented employees.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2019, calculated under Part 6 of the new Hong Kong Companies Ordinance (Cap. 622), amounted to HK\$314,884,726 (2018: HK\$380,614,133).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings as at 31 March 2019 are stated in note 34 and 35 respectively to the consolidated financial statements.

PARTICULARS OF DEBT SECURITIES, CONVERTIBLE SECURITIES OR OPTIONS ISSUED BY THE COMPANY AND ITS SUBSIDIARIES

The Company and its subsidiaries have not issued, during the year ended 31 March 2019, any debt securities, convertible securities or options.

BORROWING COST CAPITALISATION

No borrowing was capitalised by the company and its subsidiaries during the year ended 31 March 2019 (2018: HK\$Nil).

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases and sales for the year attributable to the major suppliers and customers respectively were as follows:

Percentage of purchases attributable to the group's largest supplier	54%
Percentage of purchases attributable to the group's five largest suppliers	72%
Percentage of sales attributable to the group's largest customer	12%
Percentage of sales attributable to the group's five largest customers	41%

None of the directors or their associates, nor does any shareholder owning (to the knowledge of the directors) more than 5% of the Company's issued share capital hold, any interest in the share capital of the suppliers and customers noted above.

The Group believes that good relationships with both customers and suppliers are key for the Group's success. To improve the Group's overall performance, the group has closely monitoring its customers and suppliers through setting rules and policies.

DIRECTORS

(a) Directors of the Company

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Chua Nai Tuen (*Chairman and Managing Director*)
Mr. Nelson Junior Chua
Mr. Gilson Chua

Non-executive Directors:

Mr. Chan Man Hon, Eric
Mr. Jimmy Siy Tiong
Mr. Tsai Han Yung
Ms. Vivian Chua
Mr. Samuel Siy Yap (*resigned on 29 March 2019*)

Independent Non-executive Directors:

Mr. Chan Siu Ting
Mr. James L. Kwok
Mr. Wong Shek Keung
Mr. Tsui Ka Wah

REPORT OF THE DIRECTORS

In accordance with Article 107(A) of the Company's Articles of Association, Mr. Chua Nai Tuen, Ms. Vivian Chua, Mr. Wong Shek Keung and Mr. Tsui Ka Wah shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

None of the Directors proposed for re-election at the 2019 AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

(b) Directors of the company's subsidiaries

During the year and up to the date of this report, Mr. Chua Nai Tuen, Mr. Nelson Junior Chua and Mr. Gilson Chua are also the directors in certain subsidiaries of the Company.

Other directors of the Company's subsidiaries during the year and up to the date of this report include: Mr. Cheuk Sze Lok, Mr. Choy Tin Woo, Johnnie, Mr. Frederick Tan Siy, Mr. Fu Ka Tsang, Mr. Rene Siy Chua, Ms. Siu Mei Wan, Ms. Tse Oi Ling, Mr. Wong Wing Sang, Mr. Tsai Sui Cheung, Andrew and Ms. Tsai Sui Chiong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out in page 3 to 5 of this annual report.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31 March 2019, the directors of the Company had the following beneficial interests, all being long positions, in the share capital of the Company, the subsidiaries and associates of the Company:

	Number of shares held				% of the Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
(a) The Company					
(Ordinary shares)					
Chua Nai Tuen	3,280,678	–	93,048,000 (Note)	–	42.73
Nelson Junior Chua	6,954,391	–	–	–	3.09
Gilson Chua	7,021,855	–	–	–	3.12
Jimmy Siy Tiong	2,324,905	–	–	–	1.03
Tsai Han Yung	5,012,000	–	–	–	2.22
Vivian Chua	1,040,000	–	–	–	0.46

REPORT OF THE DIRECTORS

	Number of shares held				% of the Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
(b) Nan Sing Plastics Limited					
(Ordinary shares)					
Chua Nai Tuen	–	–	6,965	–	4.64
(c) Titan Dragon Properties Corporation					
(Capital stock of Peso1,000.00 per share)					
Chua Nai Tuen	7,200	13,600	4,000 (Note)	–	31.00
Jimmy Siy Tiang	1,600	–	–	–	2.00

Note:

The shares regarding ‘Corporate interests’ in which Messrs. Chua Nai Tuen was taken to be interested as stated above were the interests of corporations in general meetings of which he was either entitled to exercise (or was taken under Part XV of the Securities and Futures Ordinance (the “SFO”) to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers:

- (a) there were no interests, both long and short positions, held as at 31 March 2019 by any of the directors or chief executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), and
- (b) there existed during the financial year no rights to subscribe for shares, underlying shares or debentures of the Company which were held by any of the directors or chief executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than persons who are Directors of the Company, which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 March 2019 as recorded in the register kept by the Company under section 336 of the SFO:

	No. of Ordinary Shares held	% of the Issued Share Capital
J & N International Limited (“J & N”) (<i>Note 1</i>)	56,216,000	24.94
Sonliet Investment Company Limited (“Sonliet Investment”) (<i>Note 1</i>)	36,832,000	16.34
Mr. Chua Nai King (<i>Note 2</i>)	20,734,852	9.20
Julius Baer Trust Company (Singapore) Limited (“Julius Baer”) (<i>Note 2</i>)	16,880,140	7.49
Loriking Limited (“Loriking”) (<i>Note 2</i>)	16,880,140	7.49

Notes:

1. For the avoidance of doubts and double counting, it should be noted that J & N's and Sonliet Investment's interests are entirely duplicated with Mr. Chua Nai Tuen's interests.
2. For the avoidance of doubts and double counting, it should be noted that Julius Baer's and Loriking's interests are entirely duplicated with Mr. Chua Nai King's interests.

All the interests stated above represented long positions and as at 31 March 2019, there were no short positions recorded in the said register.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as “Related Parties” under applicable accounting principles. These mainly relate to transactions entered into by the Group in the ordinary course of business and on an arm's length basis. Details are set out in note 46 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

During the year, the Group paid consultancy fee of HK\$756,000 (2018: HK\$756,000) to Sonliet Investment, in which Mr. Chua Nai Tuen, the Director of the Company, is the controlling shareholder and also director.

During the year, a tenancy agreement was made on arm's length basis in connection with the leasing of a premises owned by Sonliet Realty Company Limited, a company controlled by Mr. Chua Nai Tuen, to Nan Sing Warehouse Limited, a subsidiary of the Company. The total amount of rental paid by the Group during the year was HK\$1,252,606 (2018: HK\$1,222,428).

For the year ended 31 March 2018, there was unsecured financial assistance provided from Sonliet Investment on an arm's length basis. The total amount of interests paid by the Group during the year was HK\$18,249.

The above transactions fall within the continuing connected transactions under the Rule 14A.33 of the Listing Rules and were exempted from the reporting, announcement and independent shareholders' approval requirements.

On 26 March 2018, the Group had completed to dispose unlisted equity security outside Hong Kong which classified as available-for-sale financial assets with the amount of HK\$335,100 to Mr. Gilson Chua at a consideration of HK\$335,100.

On 27 March 2018, the Group had agreed to dispose unlisted equity securities in Hong Kong which classified as available-for-sale financial assets with the carrying amount of HK\$750,000 to Sonliet Investment at a consideration of HK\$750,000. The disposal had not yet completed at the end of the reporting period and was completed on 8 May 2018.

On 27 March 2018, the Group had entered into an agreement to dispose unlisted equity securities inside Hong Kong which classified as available-for-sale financial assets with the carrying amount of HK\$136,000 to Sonliet Investment at a consideration of HK\$136,000. The disposal had not yet completed at the end of the reporting period.

The above transactions fall within the connected transactions under Rule 14A.33 of the Listing Rules and were exempted from the reporting, announcement and independent shareholders' approval requirements.

Save for contracts amongst the Group and the aforementioned transaction, no other significant transactions, arrangements and contracts to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTOR'S AND MANAGEMENT EMOLUMENTS

Particulars of director's emoluments and the five highest paid individuals in the Group are set out in notes 12 to the financial statements.



REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2019, none of the Directors nor their respective associates was interested in any business which is considered to compete or is likely to compete, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

MANAGEMENT CONTRACTS

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

DIRECTORS' RIGHTS TO ACQUIRE 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 of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit at any of the directors of the Company (whether made by the company or otherwise) or an associated company (if made by the Company).

The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover the certain legal actions brought against its directors and officers.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2019.

AUDITORS

The consolidated financial statements of the Company have been audited by HLB Hodgson Impey Cheng Limited who retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming AGM. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the company for the subsequent year is to be proposed at the forthcoming AGM.



REPORT OF THE DIRECTORS

FORWARD-LOOKING STATEMENTS

This annual report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

On behalf of the Board

Chua Nai Tuen

Managing Director

Hong Kong, 21 June 2019



INDEPENDENT AUDITORS' REPORT



31st Floor
Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

**TO THE MEMBERS OF
SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED**
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Southeast Asia Properties & Finance Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 47 to 170, which comprise the consolidated statement of financial position at 31 March 2019, the consolidated income statement, the consolidated statement of 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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITORS' REPORT

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.

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties

Refer to note 15 to the consolidated financial statements

At 31 March 2019, the Group had investment properties with the fair value amounts of HK\$1,027,755,824, with gain arising on change in fair value of investment properties for the year ended 31 March 2019 recognised in the consolidated income statement of HK\$7,410,383. Independent external valuations were obtained in order to support management's estimates. The valuations depend on certain key assumptions that require management's significant judgement, including market selling price and market rental.

Our audit procedures in relation to management's valuation of investment properties included:

- evaluating the competence, capabilities and objectivity of the independent valuers;
- assessing the methodology applied by management and the appropriateness of the key assumptions based on our knowledge of the relevant industry; and
- checking, on a sample basis, the accuracy and relevance of the input data used.

We found the key assumptions were supported by the available evidence.



INDEPENDENT AUDITORS' REPORT

KEY AUDIT MATTERS (Cont'd)

Key audit matter

Impairment assessment of trade and other receivables

Refer to note 26 to the consolidated financial statements.

The Group has trade and other receivables, net of allowance for credit losses, with the amounts of HK\$156,350,723. Management judgement is required in assessing and determining the recoverability of trade receivables and adequacy of allowance made.

The use of expected credit loss (“ECL”) model involves significant estimates and judgements, including determination of whether there is significant increase in credit risk since initial recognition, use of models and assumptions in determination of probability of default and loss given default, incorporation of forward-looking information.

How our audit addressed the key audit matter

Our audit procedures in relation to the management’s impairment assessment of trade and other receivables included:

- discussing the Group’s procedures on credit periods given to customers with the management;
- checking, on a sample basis, the aging profile of the trade receivables as at 31 March 2019 to the underlying financial records and post year-end settlements to bank receipts;
- inquiring of management for the status of each of the material trade and other receivables past due as at 31 March 2019 and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and
- assessing the appropriateness of the ECL provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

We considered the management conclusion to be consistent with the available information.

INDEPENDENT AUDITORS' REPORT

OTHER INFORMATION

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

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

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

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

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

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

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



INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement director on the audit resulting in this independent auditors' report is Ng Ka Wah.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Ng Ka Wah
Practising Certificate Number: P06417

Hong Kong, 21 June 2019

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019 (in HK Dollars)

	Notes	2019	2018
Revenue	7	517,164,366	535,833,149
Cost of sales		(413,258,242)	(436,620,635)
Gross profit		103,906,124	99,212,514
Other revenue and other income	8	2,790,939	5,414,849
Gain arising on change in fair value of investment properties		7,410,383	27,515,945
Gain arising on change in fair value of financial assets at fair value through profit or loss		3,255,028	2,872,896
Selling and distribution expenses		(10,195,835)	(9,926,652)
Administrative expenses		(58,468,435)	(54,869,930)
Other operating expenses		(9,805,513)	(2,491,863)
Impairment loss recognised in respect of trade and other receivables		(2,692,974)	–
Profit from operations	9	36,199,717	67,727,759
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss		–	(479,500)
Impairment loss recognised in respect of amount due from an associate		–	(309,958)
Gain on disposal of available-for-sale financial assets		–	3,540,000
Cumulative gain reclassified from equity to profit or loss upon disposal of available-for-sale financial assets		–	7,671,354
Finance costs	10	(11,451,571)	(6,655,630)
Share of results of associates		(64,298,022)	2,222,291

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019 (in HK Dollars)

	<i>Notes</i>	2019	2018
(Loss) profit before tax		(39,549,876)	73,716,316
Income tax expense	<i>11</i>	<u>(6,120,216)</u>	<u>(6,966,066)</u>
(Loss) profit for the year		<u>(45,670,092)</u>	<u>66,750,250</u>
(Loss) profit for the year attributable to:			
Owners of the Company		<u>(46,776,402)</u>	65,660,616
Non-controlling interests		<u>1,106,310</u>	<u>1,089,634</u>
		<u>(45,670,092)</u>	<u>66,750,250</u>
(Loss) earnings per share			
Basic and diluted (HK cents)	<i>14</i>	<u>(20.8)</u>	<u>29.8</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019 (in HK Dollars)

	2019	2018
(Loss) profit for the year	(45,670,092)	66,750,250
Other comprehensive (loss) income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(10,687,735)	15,378,699
Share of exchange reserve of associates	21,407	(2,725,989)
Gain arising on fair value change of available-for-sale financial assets	–	2,735,964
Reclassification adjustments relating to available-for-sale financial assets impaired of	–	479,500
Reclassification adjustments relating to available-for-sale financial assets disposed of	–	(7,671,354)
Other comprehensive (loss) income for the year	(10,666,328)	8,196,820
Total comprehensive (loss) income for the year	(56,336,420)	74,947,070
Total comprehensive (loss) income for the year attributable to:		
Owners of the Company	(56,862,488)	73,143,245
Non-controlling interests	526,068	1,803,825
	(56,336,420)	74,947,070

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019 (in HK Dollars)

	<i>Notes</i>	2019	2018
Non-current assets			
Investment properties	15	1,027,755,824	904,749,916
Property, plant and equipment	16	174,119,977	188,503,557
Leasehold land and land use right	17	14,009,506	15,429,937
Interests in associates	19	18,547,136	82,368,370
Available-for-sale financial assets	20	–	2,751,000
Intangible assets	21	3,702,706	3,702,706
Deferred tax assets	36	1,897,682	1,173,324
Other assets	22	2,700,000	2,867,857
Deposit paid for acquisition of property	23	–	5,500,000
		1,242,732,831	1,207,046,667
Current assets			
Inventories	24	55,564,109	76,611,756
Stock of property	25	130,000,000	124,197,018
Trade and other receivables	26	156,350,723	133,798,881
Financial assets at fair value through profit or loss	27	8,883,000	28,177,000
Deposits and prepayments		12,615,707	9,939,104
Prepaid tax		2,090,040	2,399,480
Restricted cash	28	4,100,000	4,100,000
Trust accounts of shares dealing clients	29	78,365,690	105,805,007
Cash and cash equivalents	30	91,012,693	90,240,509
		538,981,962	575,268,755
Assets classified as assets held for sale	31	–	886,000
		538,981,962	576,154,755
Current liabilities			
Trade and other payables	32	136,855,146	184,290,654
Contract liabilities	33	2,637,312	–
Bank loans	34	202,229,468	84,961,172
Amount due to an associate		1,158,234	1,449,606
Tax payables		2,128,083	1,642,225
		345,008,243	272,343,657

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019 (in HK Dollars)

	<i>Notes</i>	2019	2018
Net current assets		193,973,719	303,811,098
Total assets less current liabilities		1,436,706,550	1,510,857,765
Non-current liabilities			
Bank loans	34	186,747,955	198,289,386
Amounts due to non-controlling interests	35	3,110,000	3,060,000
Deferred tax liabilities	36	10,531,685	10,092,448
		200,389,640	211,441,834
Net assets		1,236,316,910	1,299,415,931
Capital and reserves			
Share capital	37	245,062,941	245,062,941
Reserves		982,762,230	1,046,387,319
Equity attributable to owners of the Company		1,227,825,171	1,291,450,260
Non-controlling interests		8,491,739	7,965,671
Total equity		1,236,316,910	1,299,415,931

The consolidated financial statements were approved and authorised for issue by the board of directors on 21 June 2019 and are signed on its behalf by:

Chua Nai Tuen
Director

Nelson Junior Chua
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019 (in HK Dollars)

	Attributable to owners of the Company							
	Share capital HK\$	Property revaluation reserve HK\$ (Note a)	Exchange reserve HK\$ (Note b)	Available-for-sale financial assets revaluation reserve HK\$ (Note c)	Retained earnings HK\$	Subtotal HK\$	Non-controlling interests HK\$	Total HK\$
At 1 April 2017	217,418,850	4,278,755	31,632,703	4,455,890	967,783,760	1,225,569,958	20,509,746	1,246,079,704
Profit for the year	-	-	-	-	65,660,616	65,660,616	1,089,634	66,750,250
Other comprehensive income (loss) for the year	-	-	11,938,519	(4,455,890)	-	7,482,629	714,191	8,196,820
Total comprehensive income (loss) for the year	-	-	11,938,519	(4,455,890)	65,660,616	73,143,245	1,803,825	74,947,070
Issued of share as scrip dividend	27,644,091	-	-	-	-	27,644,091	-	27,644,091
Dividend paid (note 13)	-	-	-	-	(34,907,034)	(34,907,034)	-	(34,907,034)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(14,347,900)	(14,347,900)
At 31 March 2018 and at 1 April 2018	245,062,941	4,278,755	43,571,222	-	998,537,342	1,291,450,260	7,965,671	1,299,415,931
(Loss) profit for the year	-	-	-	-	(46,776,402)	(46,776,402)	1,106,310	(45,670,092)
Other comprehensive loss for the year	-	-	(10,086,086)	-	-	(10,086,086)	(580,242)	(10,666,328)
Total comprehensive (loss) income for the year	-	-	(10,086,086)	-	(46,776,402)	(56,862,488)	526,068	(56,336,420)
Dividend paid (note 13)	-	-	-	-	(6,762,601)	(6,762,601)	-	(6,762,601)
At 31 March 2019	<u>245,062,941</u>	<u>4,278,755</u>	<u>33,485,136</u>	<u>-</u>	<u>944,998,339</u>	<u>1,227,825,171</u>	<u>8,491,739</u>	<u>1,236,316,910</u>

Notes:

- Property revaluation reserve relates the property reclassified from owner-occupied to investment properties. For such reclassifications, the accumulative increase in fair value at the date of reclassification in excess of any previous impairment losses is included in the property revaluation reserve, and will be transferred to retained earnings upon the retirement or disposal of the relevant property.
- Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar) are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to profit or loss on disposal of the foreign operations.
- Available-for-sale financial assets revaluation reserve represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to the profit or loss when those financial assets have been disposed of or are determined to be impaired.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019 (in HK Dollars)

	<i>Notes</i>	2019	2018
Cash generated from operations	<i>40</i>	35,259,086	66,943,889
Profit tax paid		(5,688,931)	(9,249,762)
Net cash generated from operating activities		29,570,155	57,694,127
Cash flows from investing activities			
Interest received		80,235	698,984
Dividend received from listed equity securities		132,791	518,216
Dividend received from unlisted equity securities		–	8,160
Refund of the compensation fund with the Stock Exchange of Hong Kong Limited		167,857	150,016
Advance to associates		(455,381)	(2,570,011)
Net proceeds from disposal of available-for-sale financial assets		–	25,016,256
Repayment from loan receivables		–	19,000,000
Deposit received for disposal of available-for-sale financial assets		–	886,000
Purchases of property, plant and equipment		(4,465,220)	(10,644,320)
Deposits paid for acquisition of property		–	(5,500,000)
Additions to investment properties		(110,095,525)	(5,679,173)
Proceeds from disposal of property, plant and equipment		105,000	35,477
Net cash (used in) generated from investing activities		(114,530,243)	21,919,605

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019 (in HK Dollars)

	<i>Notes</i>	2019	2018
Cash flows from financing activities			
Dividend paid		(6,762,601)	(7,262,943)
Dividend paid to non-controlling interests		–	(14,347,900)
Interest paid		(10,614,511)	(6,209,485)
Other finance costs paid		(639,882)	(450,890)
Proceed from new bank loans		172,000,000	172,294,192
Repayment of bank loans		(66,273,135)	(206,492,327)
Advance from a related company		–	12,416,936
Repayment to a related company		–	(23,581,569)
Advance from non-controlling interests		50,000	100,000
Net cash generated from (used in) financing activities		87,759,871	(73,533,986)
Net increase in cash and cash equivalents		2,799,783	6,079,746
Cash and cash equivalents at the beginning of the reporting period		90,240,509	81,832,677
Effect of foreign exchange rate changes, net		(2,027,599)	2,328,086
Cash and cash equivalents at the end of the reporting period		91,012,693	90,240,509
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents	<i>30</i>	91,012,693	90,240,509

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

I. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of the Company are located at Units 407-410, 4th Floor, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The Group are principally engaged in investment holding, property investment, development and leasing, hotel operations, manufacturing and distribution of plastic packaging materials and broking and securities margin financing.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (collectively referred to as the “new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are effective for the Group’s financial year beginning from 1 April 2018. A summary of the new and revised HKFRSs applied by the Group is set out as follows:

HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 <i>Financial Instruments</i> with HKFRS 4 <i>Insurance Contracts</i>
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of other new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and financial positions for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

Impact on the consolidated financial statements

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the application of new and revised HKFRSs have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated statement of financial position (extract)	31 March 2018	HKFRS 9	HKFRS 15	1 April 2018
Non-current assets				
Available-for-sale (“AFS”) financial assets	2,751,000	(2,751,000)	–	–
Current assets				
Financial assets at fair value through profit or loss (“FVTPL”)	28,177,000	2,751,000	–	30,928,000
Current liabilities				
Trade and other payables	184,290,654	–	(2,280,456)	182,010,198
Contract liabilities	–	–	2,280,456	2,280,456
Net current assets	<u>303,811,098</u>	<u>2,751,000</u>	<u>–</u>	<u>306,562,098</u>

HKFRS 9 *Financial instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) ECL for financial assets and 3) general hedge accounting.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

HKFRS 9 *Financial instruments* (Cont’d)

Classification and measurement of financial assets and financial liabilities

The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been affected by HKFRS 9.

	At 31 March 2018	Impact on initial application of HKFRS 9	At 1 April 2018
AFS financial assets (<i>note i</i>)	2,751,000	(2,751,000)	–
Financial assets at FVTPL (<i>note ii</i>)	<u>28,177,000</u>	<u>2,751,000</u>	<u>30,928,000</u>

Notes:

(i) *AFS financial assets to financial assets at FVTPL*

The listed equity securities with the carrying amount of HK\$2,751,000 was reclassified from AFS financial assets to financial assets at FVTPL. It does not meet the HKFRS 9 criteria for classification at amortised cost and at fair value through other comprehensive income (“FVTOCI”), as its cash flows do not represent solely payments of principal and interest.

There was no material impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(ii) *Financial assets at FVTPL classified as held for trading investments*

The Group has reassessed its investments in equity securities classified as held for trading investments under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK\$28,177,000 of the Group’s investments were held for trading investments and continued to be measured at FVTPL.

Except disclosed above, all financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost. There is no impact on the Group’s accounting for financial liabilities previously carried at amortised costs remained to be measured at amortised costs under HKFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

HKFRS 9 *Financial instruments* (Cont’d)

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics. Based on assessment by the management of the Group, the management of the Group considers the ECL for trade receivables is insignificant at 1 April 2018.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, deposits paid, restricted cash, trust accounts of shares dealing clients and bank balances, are assessed on 12-month ECL (“12m ECL”) basis as there had been no significant increase in credit risk since initial recognition.

For restricted cash, trust accounts of shares dealing clients and bank balances, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and consider the risk of default is regard as low and 12m ECL is insignificant.

For other receivables and deposits paid, the management of the Group makes periodic collective as well as individual assessment on the recoverability of other receivables and deposits paid based on historical settlement records and past experience with available reasonable and supportive forward-looking information. Based on assessment by the management of the Group, the management of the Group considers the ECL for other receivables and deposits paid is insignificant.

HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the sales of goods, brokerage commission and hotel accommodation which arise from contracts with customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

HKFRS 15 Revenue from Contracts with Customers (Cont’d)

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previous report at 31 March 2018	Reclassification	Carrying amounts under HKFRS 15 at 1 April 2018
Current liabilities			
Trade and other payables	184,290,654	(2,280,456)	182,010,198
Contract liabilities	–	2,280,456	2,280,456

Note:

At 1 April 2018, advances from customers of HK\$2,280,456 in respect of sales of goods and hotel accommodation previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group’s consolidated statement of financial position at 31 March 2019 and its consolidated statement of cash flows for the current year for each of the line items affected. There is no impact on the consolidated income statement and consolidated statement of comprehensive income for the current year. Line items that were not affected by the changes have not been included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

HKFRS 15 Revenue from Contracts with Customers (Cont’d)

Impact on the consolidated statement of financial position

	Carrying amounts as report	Adjustments	Carrying amounts without application of HKFRS 15
Current liabilities			
Trade and other payables	136,855,146	2,637,312	139,492,458
Contract liabilities	2,637,312	(2,637,312)	–

Note:

Contract liabilities of HK\$2,637,312 was recognised for the advances received from customers and upon the application of HKFRS 15 which previously was classified as trade and other payables under HKAS 18.

Impact on the consolidated statement of cash flows

	Carrying amounts as report	Adjustments	Carrying amounts without application of HKFRS 15
Cash flows from operating activities			
Decrease in trade and other payables	(43,430,471)	356,856	(43,073,615)
Increase in contract liabilities	356,856	(356,856)	–

Note:

Increase in contract liabilities of HK\$356,856 which represents the increase in advances received from customers would be presented as increase in trade and other payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

Amendments to HKAS 40 *Transfers of Investment Property*

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existing at that date. There is no impact to the classification at 1 April 2018.

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

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

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

² Effective for business combination and asset acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after 1 January 2020.

⁴ Effective for annual periods beginning on or after 1 January 2021.

⁵ Effective for annual periods beginning on or after a date to be determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

HKFRS 16 *Leases*

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK\$2,970,145 as disclosed in note 43 to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

HKFRS 16 *Leases* (Cont’d)

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

Therefore, the Group will not reassess whether the contract are, or contain a lease which already existed prior to the date of initial application.

Except disclosed above, the directors do not anticipate that the application of other new and revised HKFRSs will have a material impact on the Group’s financial performance and financial positions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange and the Companies Ordinance.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Basis of preparation (Cont'd)

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Basis of consolidation (Cont'd)

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Interests in subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over these policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (the "CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

3.7 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's properties interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in fair value of investment properties are included in profit or loss for the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Property, plant and equipment

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

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Buildings	Over the shorter of its estimated useful life or unexpired period of the lease of land
Plant and machinery	10%
Furniture, fixtures and equipment	10%–25%
Motor vehicle	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Leasehold land and land use right

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lumpsum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interests in leasehold land that is accounted for as an operating lease is presented as “leasehold land and land use right” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

3.10 Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Impairment of tangible and intangible assets

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

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average method as appropriate. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as cost of sales in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as cost of sales in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is offset against the cost of sales in the period in which the reversal occurs.

3.13 Stock of property

Stock of property, which is held for trading, is stated at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

Property under development held for sale

The costs of property under development held for sale comprise specifically identified costs including the acquisition cost of land, aggregate cost of development, borrowing costs capitalised, material and supplies, wages, other direct expenses and an appropriate proportion of overheads. Net realisable value is determined by reference to the sale proceeds of property sold in ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Assets held for sale

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

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.16 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

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

Interest and dividend income which are derived from the financial assets and shareholders' rights are presented as "other revenue and other income" and "revenue" respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transition in note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or at FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial assets (Cont'd)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transition in note 2) (Cont'd)

Amortised cost and effective interest rate

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “revenue” and “other revenue and other income” line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in note 2)

Impairment under ECL model

The Group recognises a loss allowances for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, deposits paid, restricted cash, trust accounts of shares dealing clients and bank balances). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for significant balances or collectively using a provision matrix for the remaining balances with appropriate groupings based on shared credit risk characteristics of customers from the relevant operating segment.

For all other instruments, the Group measures the loss allowance equal to 12 months ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in note 2) (Cont'd)

Significant increase in credit risk (Cont'd)

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

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in note 2) (Cont'd)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is likely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in note 2) (Cont'd)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice when appropriate. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in note 2) (Cont'd)

Measurement and recognition of ECL (Cont'd)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Classification and measurement to financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are classified as AFS financial assets, financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial assets (Cont'd)

Classification and measurement to financial assets (before application of HKFRS 9 on 1 April 2018) (Cont'd)

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the other revenue and other income line item. Fair value is determined in the manner described in note 4 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial assets (Cont'd)

Classification and measurement to financial assets (before application of HKFRS 9 on 1 April 2018) (Cont'd)

AFS financial assets

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

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

Dividends on AFS equity investments are recognised in profit or loss when the Group’s right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including amounts due from associates, trade and other receivables, deposits paid, restricted cash, trust accounts of shares dealing clients and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any identified impairment losses.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018) (Cont'd)

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

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in equity under the heading of “available-for-sale financial assets revaluation reserve”. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Classification as financial liabilities or equity

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Equity instruments

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated at FVTPL, are subsequently measured at the higher of:

- the amounts of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Financial liabilities at amortised cost

Financial liabilities (including amount due to an associate, trade and other payables (excluding receipt in advance), bank loans and amounts due to non-controlling interests) are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Financial instruments (Cont'd)

Derecognition

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an AFS financial asset, the cumulative gain or loss previously accumulated in the AFS revaluation reserve is reclassified to profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Revenue and other income recognition

Revenue from Contracts with Customers (upon application of HKFRS 15 in accordance with transitions in note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Revenue and other income recognition (Cont'd)

Revenue from Contracts with Customers (upon application of HKFRS 15 in accordance with transitions in note 2) (Cont'd)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Revenue and other income recognition (Cont'd)

Sales of goods

Revenue from sales of goods is recognised at a point in time when control of the goods has been transferred, being when the goods have been delivered to the customers. The normal credit term is up to 90 days upon delivery.

Brokerage commission

The Group provides broking, dealing and handling services for securities, futures and options contracts. Brokerage commission is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed.

Hotel accommodation income

Hotel accommodation income is recognised over time during the period of stay for the hotel guests. The amounts receipt in advance regarding the hotel room services are presented as contract liabilities.

Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

Dividend income

Dividend income from listed investments is recognised when the share price of the investments goes ex-dividend.

Rental income from operating leases

Rental income from operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Revenue and other income recognition (Cont'd)

Revenue recognition (before application of HKFRS 15 on 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivables.

Revenue represents amounts receivable for goods and services supplied.

Provided it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, revenue is recognised in the consolidated statement of profit or loss and other comprehensive income as follows:

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

Gross rental income, on a time proportion basis over lease terms, where premiums received to terminate leases are recognised in profit or loss when they arise.

Hotel accommodation income and other ancillary hotel revenue is recognised in the period in which such services are rendered.

Brokerage commission is recognised when the relevant contract note is made and properly executed.

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

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.18 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “(loss)/profit before tax” as reported in the consolidated income statement because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.18 Taxation (Cont'd)

Deferred tax (Cont'd)

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.19 Leasing

All leases are classified as operating leases.

The Group as lessor

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.20 Foreign currency

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "exchange reserve" (attributed to non-controlling interests as appropriate).

3.21 Borrowing costs

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

3.22 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.24 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. When inflow is virtually certain, an asset is recognised.

3.25 Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.25 Employee benefits (Cont'd)

Retirement benefit obligations

Payments to the Mandatory Provident Fund Scheme (the “MPF Scheme”) and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, with the employers’ contributions subject to a cap of monthly relevant income of HK\$30,000. The Group’s contributions to the scheme are expensed as incurred and are vested in accordance with the scheme’s vesting scales. Where employees leave the scheme prior to the full vesting of the employer’s contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The employees employed by the Group’s subsidiaries in the People’s Republic of China (the “PRC”) are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is to make the specified contributions under the schemes.

3.26 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.27 Related parties

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

- (a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities 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 jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (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 Group's parent.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Close family members of a person are those family members who may be expected to influence, or to be influenced by, that person in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019	2018
Financial assets		
Financial assets at FVTPL	8,883,000	28,177,000
AFS financial assets	–	2,751,000
Amortised costs	333,434,779	–
Loans and receivables	–	375,651,366
	<u>342,317,779</u>	<u>406,579,366</u>
Financial liabilities		
Amortised cost	<u>529,098,569</u>	<u>471,231,713</u>

The Group's major financial instruments include financial assets at FVTPL, AFS financial assets, amounts due from associates, trade and other receivables, deposits paid, restricted cash, trust accounts of shares dealing clients, cash and cash equivalents, trade and other payables (excluding receipt in advance), bank loans, amount due to an associate and amounts due to non-controlling interests.

Details of the financial instruments for the Group are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include market risk (foreign exchange risk, interest rate risk and equity price risk), credit risk and impairment assessment and liquidity risk. The policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies

Market risk

(i) *Foreign exchange risk*

The Group operates in Hong Kong and PRC and majority of transactions are denominated in HK\$, United States dollar (“US\$”) and Renminbi (“RMB”). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The Group is not exposed to foreign exchange risk in respect of HK\$ against the US\$ as long as this currency is pegged.

The transactions and monetary assets and liabilities denominated in RMB outside the PRC are minimal, the directors consider that there is no significant foreign exchange risk in respect of RMB.

The Group has no significant exposure to foreign exchange rate fluctuations.

(ii) *Interest rate risk*

The Group is exposed to interest rate risk related primarily to variable rate borrowings (note 34). The Group’s income and operating cash flow are substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, the directors monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis points (2018: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2018: 25 basis points) higher/lower and all other variables were held constant, the Group’s post-tax (loss)/profit for the year ended 31 March 2019 would decrease/increase by HK\$811,991 (2018: decrease/increase by HK\$591,286) respectively. This is mainly attributable to the Group’s interest rates on its variable rate on bank loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(iii) Equity price risk

The Group is exposed to equity price risk arising from equity investments classified as financial assets at FVTPL and AFS financial assets which are measured at fair value at the end of each reporting period. The directors manage the exposure by maintaining a portfolio of securities with different risk class and monitor the performance regularly. In addition, the directors will monitor the price risk and consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below presents the effects on the Group's post-tax (loss)/profit for the year end and on equity as a result of a change in equity price, assuming the change had occurred at the end of the reporting period and had been applied to the exposure to the equity price for the relevant financial instruments in existence at that date. The changes in equity price represent management's assessment of a reasonably possible change in equity price at that date over the period until the next annual reporting period.

	2019 Effect on post-tax loss for the year	2018 Effect on post-tax profit for the year	2019 Effect on equity	2018 Effect on equity
10% increase (decrease) in market price of listed equity securities	741,731 (741,731)	2,352,780 (2,352,780)	– –	275,100 (275,100)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade and other receivables, deposits paid, restricted cash, trust accounts of shares dealing clients and cash and cash equivalents. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In respect of amounts due from clients, individual credit evaluations are performed on all clients (including cash and margin clients). Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because of the prescribed deposit requirements and the short settlement period involved, credit risk arising from the amounts due from cash clients is considered relatively low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral and margin deposits of each margin account and futures account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

Trade receivables of the Group from other customer consist of a large number of customers, spread across diverse industries and geographical areas.

The Group's policy to manage credit risk is to deal only with credit worthy counterparties. In order to minimise the credit risk, the management of the Group has formulated a credit policy and, delegated a team responsible for determination of credit limits credit approvals and other monitoring procedures to ensure that follow-up action is take.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and consider information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not obtain collateral from customers other than amounts due from clients.

Except for trade receivables with the amounts of HK\$115,798,078 are assessed individually, the Group performed impairment assessment for trade receivables equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Measurement of expected credit loss on collective basis

The following table provides information about the Group's exposure to credit risk for trade receivables which are assessed based on provision matrix except for those who are assess individually or credit-impaired at 31 March 2019:

	Average expected loss rate	Gross carrying amounts	Loss allowance
Neither yet past due nor impaired	0.63%	16,900,434	107,291
1-30 days past due	1.50%	12,624,495	188,932
31-60 days past due	1.54%	3,775,492	58,149
61-90 days past due	4.52%	2,867,105	129,590
91-120 days past due	23.50%	456,145	107,173
Over 120 days past due	75.64%	575,880	435,602
		<u>37,199,551</u>	<u>1,026,737</u>

Average expected loss rates are based on actual loss experience over past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Measurement of expected credit loss on individual basis

At 31 March 2019, trade receivables with the amounts of HK\$115,798,078 in relation to property investment, development and leasing/hotel operations and broking and securities margin financing operations were performed impairment assessment on individual basis. The following table present the balances of gross carrying amounts and the loss allowance in respect of the individually assessed trade receivables at 31 March 2019:

On individual basis

	Gross carrying amounts	Loss allowance
Property investment, development and leasing/hotel operations	833,315	24,527
Broking and securities margin financing operations	<u>114,964,763</u>	<u>1,616,933</u>
	<u><u>115,798,078</u></u>	<u><u>1,641,460</u></u>

For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

The Group deposited its restricted cash, trust accounts of shares dealing clients and cash and cash equivalents with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to restricted cash, trust accounts of shares dealing clients and cash and cash equivalents held to be delayed or limited. The directors monitor the credit rating of these banks on an ongoing basis, and consider that the Group's exposure to credit risk were minimal.

The Group do not have any other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach:

	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
At 1 April 2018	–	9,410,948	9,410,948
Impairment losses recognised	2,653,491	14,706	2,668,197
Written off	–	(9,410,948)	(9,410,948)
At 31 March 2019	2,653,491	14,706	2,668,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

At 31 March 2019, the directors assessed credit quality of other receivables and deposits paid with reference to historical information. Based on the assessment, other receivables with amounts of HK\$24,777 was impaired and recognised in profit or loss.

During the year ended 31 March 2019, impairment loss with the amounts of HK\$2,668,197 and HK\$24,777 were recognised for trade receivables and other receivables respectively.

Liquidity risk

The Group is exposed to liquidity risk on financial liabilities. The directors adopts a prudent policy to maintain a sufficient level of cash and cash equivalents and financial assets to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any liquidity requirements in the short term.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the can be required to pay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

The maturity dates for non-derivative financial liabilities are prepared based on the agreed repayment dates. The amounts disclosed in the table are based on the contractual undiscounted payments, are as follows:

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount
2019						
Non-derivative financial liabilities						
Trade and other payables	135,852,912	-	-	-	135,852,912	135,852,912
Bank loans	208,413,975	14,331,488	185,767,142	742,713	409,255,318	388,977,423
Amount due to an associate	1,158,234	-	-	-	1,158,234	1,158,234
Amounts due to non-controlling interests	-	-	3,110,000	-	3,110,000	3,110,000
	<u>345,425,121</u>	<u>14,331,488</u>	<u>188,877,142</u>	<u>742,713</u>	<u>549,376,464</u>	<u>529,098,569</u>
2018						
Non-derivative financial liabilities						
Trade and other payables	183,471,549	-	-	-	183,471,549	183,471,549
Bank loans	90,037,746	16,356,914	196,755,958	1,103,819	304,254,437	283,250,558
Amount due to an associate	1,449,606	-	-	-	1,449,606	1,449,606
Amounts due to non-controlling interests	-	-	3,060,000	-	3,060,000	3,060,000
	<u>274,958,901</u>	<u>16,356,914</u>	<u>199,815,958</u>	<u>1,103,819</u>	<u>492,235,592</u>	<u>471,231,713</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Maturity Analysis – Bank loans with a repayable on demand clause based on scheduled repayments

Bank loans with a repayable on demand clause are included in the “within 1 year or on demand” time band in the above maturity analysis. At 31 March 2019, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$18,641,098 (2018: HK\$19,455,867). Taking into account the Group’s consolidated financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount
2019						
Non-derivative financial liabilities						
Bank loans	<u>1,244,647</u>	<u>1,244,647</u>	<u>3,733,942</u>	<u>16,597,467</u>	<u>22,820,703</u>	<u>18,641,098</u>
2018						
Non-derivative financial liabilities						
Bank loans	<u>1,231,122</u>	<u>1,231,122</u>	<u>3,693,366</u>	<u>17,648,201</u>	<u>23,803,811</u>	<u>19,455,867</u>

(c) Fair value of financial instruments

In estimating the fair value, the Group uses market-observable data to the extent it is available. The management reports the findings to the directors at the end of each reporting period to explain the cause of fluctuations in fair value of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value of financial instruments (Cont'd)

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are input for which market data are not available; and
- Level 3 valuations: fair value measured using significant unobservable inputs.

	Level 1	Level 2	Level 3	Total
2019				
Financial assets				
<i>Fair value on a recurring basis</i>				
Financial assets at FVTPL:				
– Listed equity securities	<u>8,883,000</u>	<u>–</u>	<u>–</u>	<u>8,883,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

4. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value of financial instruments (Cont'd)

	Level 1	Level 2	Level 3	Total
2018				
Financial assets				
<i>Fair value on a recurring basis</i>				
AFS financial assets:				
– Listed equity securities	2,751,000	–	–	2,751,000
Financial assets at FVTPL:				
– Listed equity securities	<u>28,177,000</u>	<u>–</u>	<u>–</u>	<u>28,177,000</u>
	<u>30,928,000</u>	<u>–</u>	<u>–</u>	<u>30,928,000</u>

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 in the current year and prior years.

The Group's policy is to recognise transfers between levels of fair value hierarchy as of the date of the events or change in circumstances that cause the transfer.

Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and financial liabilities carried at cost or amortised cost were not materially different from their fair values at 31 March 2019 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment properties portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred tax on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred tax on changes in fair value of investment properties as the Group are not subject to any income taxes on disposal of investment properties.

Control over Nice Profit Hong Kong Investment Limited ("Nice Profit")

The Group holds 50% interest and voting right in Nice Profit while the remaining 50% interests and voting right is hold by an independent third party. With regard of the board of directors of Nice Profit, it is composed of three directors in which two of them are the senior management of the Group and the remaining one is the independent third party who hold 50% interests and voting right of Nice Profit. This independent third party has agreed to act in accordance with the Group for daily operation of the Nice Profit and the decision made by the Group for Nice Profit in all matters including but not limited to dividend policy, funding structure and selecting, acquiring or disposing of assets. Thus, the Group has rights to variable returns from its involvement with Nice Profit and has the ability to affect those returns through its power over Nice Profit and therefore the Group has control over Nice Profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Critical judgements in applying accounting policies (Cont'd)

Principal versus agent consideration (principal)

The Group engages in sales of goods. Upon application of HKFRS 15, the Group reassessed whether the Group should continue to recognise revenue on gross basis based on the requirements in HKFRS 15. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods and the Group has inventory risk.

Impairment of AFS financial assets

At 31 March 2018, the directors follow the guidance of HKAS 39 to determine when an AFS financial asset is impaired. This determination requires significant judgement. In making this judgement, the directors evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Key sources of estimation uncertainty

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

Impairment of intangible assets

Intangible assets are reviewed for impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the asset is the greater of the fair value less costs of disposal and value in use. An estimation of the value in use of the asset involves estimating the future cash flows expected to arise from its continuing use and applying the appropriate discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of financial assets

Prior to 1 April 2018, when there was an objective evidence of impairment loss, the Group took into consideration the estimation of future cash flows. The amount of the impairment loss was 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 been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows were less than expected or being revised downward due to changes in facts and circumstances, a material impairment loss/further impairment loss may arise.

On or after 1 April 2018, the loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in note 4.

Income tax

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

Assessment of economic useful lives of fixed assets

Fixed assets are depreciated or amortised over their economic useful lives. The assessment of estimated useful lives is a matter of judgement based on the experience of the Group, taking into account factors such as technological progress, changes in market demand, expected usage and physical wear and tear. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variations in their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience on selling goods of similar nature. It could change significantly as a result of change in market condition. The directors will re-assess the estimations at the end of each reporting period.

Valuation of investment properties

The Group's investment properties are stated at fair value based on the valuation performed by independent qualified surveyors. In determining the fair value, the surveyors have based on methods of valuation which involves certain estimates. In relying on the valuation report, the directors have exercised its judgement and are satisfied that the method of valuation is reflective of the current market conditions. Should there be any changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

Estimated net realisable value on stock of property

In determining whether allowances should be made for the Group's stock of property, the Group considers the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs of selling expenses) less estimated costs of completion of the property. An allowance is made if the estimated market value is less than the carrying amount. If the actual net realisable value on property under development is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, may result in material provision for impairment loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

6. SEGMENT INFORMATION

The Group determines operating segments based on internal reports that are regularly reviewed by the chief operating decision maker (the “CODM”) for the purpose of resource allocation and assessment of segment performance between segments and that are used to make strategic decisions.

The CODM has been identified as the directors. The CODM review the Group’s internal reporting for the purposes of resources allocation and the assessment of segment performance and have determined the operating segments based on these reports.

The CODM consider the business from both a geographic and product perspective. From geographic and product perspective, the CODM assess as the performance of property investment, development and leasing/hotel operations, manufacturing and distribution of plastic packaging materials and broking and securities margin financing.

In a manner consistent with the way in which information is reported internally to the CODM for the purposes of resources allocation and assessment of segment performance, the Group is currently organised into the following operating segments:

Property investment, development and leasing/hotel operations	Provision of hotel services in Hong Kong and investing, developing and leasing properties in Hong Kong and the PRC
Manufacturing and distribution of plastic packaging materials	Manufacturing and distribution of plastic packaging materials
Broking and securities margin financing	Provision of stock and futures broking and provision of securities margin financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

6. SEGMENT INFORMATION (Cont'd)

1) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment.

	Property investment, development and leasing/ hotel operations		Manufacturing and distribution of plastic packaging materials		Broking and securities margin financing		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	<u>49,163,843</u>	<u>47,239,628</u>	<u>449,884,895</u>	<u>460,985,630</u>	<u>18,115,628</u>	<u>27,607,891</u>	<u>517,164,366</u>	<u>535,833,149</u>
Segment results	(1,567,911)	11,376,614	25,657,696	17,004,456	4,699,549	11,830,744	28,789,334	40,211,814
Gain arising on change in fair value of investment properties	<u>7,410,383</u>	<u>27,515,945</u>	-	-	-	-	<u>7,410,383</u>	<u>27,515,945</u>
Profit from operations	<u>5,842,472</u>	<u>38,892,559</u>	<u>25,657,696</u>	<u>17,004,456</u>	<u>4,699,549</u>	<u>11,830,744</u>	<u>36,199,717</u>	<u>67,727,759</u>
Impairment loss recognised in respect of available- for-sale financial assets reclassified from equity to profit or loss							-	(479,500)
Impairment loss recognised in respect of amount due from an associate							-	(309,958)
Gain on disposal of available-for-sale financial assets							-	3,540,000
Cumulative gain reclassified from equity to profit or loss upon disposal of available-for-sale financial assets							-	7,671,354
Unallocated finance costs							(11,451,571)	(6,655,630)
Share of results of associates							<u>(64,298,022)</u>	<u>2,222,291</u>
(Loss) profit before tax							<u>(39,549,876)</u>	<u>73,716,316</u>
Income tax expense							<u>(6,120,216)</u>	<u>(6,966,066)</u>
(Loss) profit for the year							<u>(45,670,092)</u>	<u>66,750,250</u>

Segment revenue reported above represents revenue generated from external customers.

Segment results represent the profit earned by each segment without allocation of impairment loss recognised in respect of AFS financial assets reclassified from equity to profit or loss, impairment loss recognised in respect of amount due from an associate, gain on disposal of AFS financial assets, cumulative gain reclassified from equity to profit or loss upon disposal of AFS financial assets, finance costs, share of results of associates and income tax expense. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

6. SEGMENT INFORMATION (Cont'd)

II) Segment assets and liabilities

	Property investment, development and leasing/ hotel operations		Manufacturing and distribution of plastic packaging materials		Broking and securities margin financing		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
Assets								
Reportable segment assets	<u>1,281,848,774</u>	<u>1,166,344,476</u>	<u>237,327,320</u>	<u>261,268,669</u>	<u>240,003,841</u>	<u>268,761,103</u>	<u>1,759,179,935</u>	1,696,374,248
Assets classified as assets held for sale							-	886,000
Unallocated corporate assets							<u>22,534,858</u>	<u>85,941,174</u>
Total assets							<u>1,781,714,793</u>	<u>1,783,201,422</u>
Liabilities								
Reportable segment liabilities	<u>17,634,392</u>	<u>18,666,382</u>	<u>30,897,779</u>	<u>48,721,401</u>	<u>95,228,521</u>	<u>121,412,477</u>	<u>143,760,692</u>	188,800,260
Unallocated corporate liabilities							<u>401,637,191</u>	<u>294,985,231</u>
Total liabilities							<u>545,397,883</u>	<u>483,785,491</u>

For the purposes of monitoring resources allocation and assessment of segment performance between segments:

- all assets are allocated to reportable segments, other than interests in associates, deferred tax assets and prepaid tax; and
- all liabilities are allocated to reportable segments, other than bank loans, tax payables and deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

6. SEGMENT INFORMATION (Cont'd)

III) Other segment information

	Property investment, development and leasing/ hotel operations		Manufacturing and distribution of plastic packaging materials		Broking and securities margin financing		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
Amounts included in the measure of segment result or segment assets:								
Additions to non-current assets (Note)	116,285,196	8,140,117	3,641,741	8,183,376	133,808	-	120,060,745	16,323,493
Amortisation of leasehold land and land use right	23,085	23,085	472,812	470,217	-	-	495,897	493,302
Depreciation of property, plant and equipment	6,275,798	6,070,215	7,054,960	6,498,342	361,140	365,792	13,691,898	12,934,349
Gain arising on change in fair value of investment properties	7,410,383	27,515,945	-	-	-	-	7,410,383	27,515,945
Gain on disposal of property plant and equipment	95,065	-	-	18,087	-	-	95,065	18,087
Write-down of stock of property	6,270,143	-	-	-	-	-	6,270,143	-
Impairment loss recognised in respect of trade and other receivables	24,527	-	1,046,738	-	1,621,709	-	2,692,974	-
Reversal of impairment loss recognised in respect of trade receivables	-	-	-	-	13,771	189,800	13,771	189,800
Amount regularly provided to the CODM but not included in the measure of segment results or segment assets:								
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss	-	-	-	-	-	-	-	479,500
Impairment loss recognised in respect of amount due from an associate	-	-	-	-	-	-	-	309,958
Gain on disposal of available-for-sale financial assets	-	-	-	-	-	-	-	3,540,000
Cumulative gain reclassified from equity to profit or loss upon disposal of available-for-sale financial assets	-	-	-	-	-	-	-	7,671,354
Interests in associates	-	-	-	-	-	-	18,547,136	82,368,370
Finance costs	-	-	-	-	-	-	11,451,571	6,653,630
Income tax expense	-	-	-	-	-	-	6,120,216	6,966,066
Share of results of associates	-	-	-	-	-	-	(64,298,022)	2,222,291

Note: Additions to non-current assets consist of additions to investment properties and property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

6. SEGMENT INFORMATION (Cont'd)

IV) Geographical segment

The following table sets out information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the assets.

	Revenue from external customers	
	2019	2018
Hong Kong	139,195,257	133,061,861
North America	18,794,835	22,383,409
Oceania	64,053,142	49,194,699
Europe	23,653,484	35,979,780
PRC	213,385,944	240,623,334
Other Asian countries	58,081,704	54,590,066
	<u>517,164,366</u>	<u>535,833,149</u>

	Non-current assets (Note)	
	2019	2018
Hong Kong	1,141,021,919	1,055,356,413
PRC	98,096,880	107,796,820
	<u>1,239,118,799</u>	<u>1,163,153,233</u>

Note: Non-current assets excluded financial instruments, amounts due from associates and deferred tax assets.

V) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of revenue of the Group is as follows:

	2019	2018
Manufacturing and distribution of plastic packaging materials		
Customer A	–	74,513,439
Customer B (note)	63,106,115	–
	<u>63,106,115</u>	<u>–</u>

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2018.

Except for the above, no other single customer contributed 10% or more to the Group's revenue for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

7. REVENUE

For the year ended 31 March 2019

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	2019
Sale of goods	449,884,895
Brokerage commission	10,319,166
Hotel accommodation income	27,607,125
Revenue from contracts with customers	487,811,186
Rental income and rental related income	21,556,718
Interest income received from client	7,663,671
Dividend income from listed equity securities	132,791
Total revenue	<u>517,164,366</u>

	2019
Timing of revenue recognition	
A point in time	460,204,061
Over time	27,607,125
Revenue from contracts with customers	<u>487,811,186</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

7. REVENUE (Cont'd)

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts as all contract works have an original expected duration of one year or less.

For the year ended 31 March 2018

	2018
Sale of goods	460,985,630
Brokerage commission	16,833,470
Hotel accommodation income	25,369,964
Rental income and rental related income	21,869,664
Interest income received from client	9,941,661
Dividend income from listed equity securities	824,600
Dividend income from unlisted equity securities	8,160
Total revenue	<u>535,833,149</u>

8. OTHER REVENUE AND OTHER INCOME

	2019	2018
Bank interest income	88,205	698,984
Other income (<i>note a</i>)	2,546,629	3,959,162
Gain on disposal of property, plant and equipment	95,065	18,087
Bad debt recovered	13,771	189,800
Government grants (<i>note b</i>)	47,269	548,816
	<u>2,790,939</u>	<u>5,414,849</u>

Notes:

- (a) Other income mainly consists of other ancillary hotel revenue, handling fee income generated from stock broking, consultancy fee income, sales of computer software and sales of scrap materials.
- (b) Government grants of HK\$47,269 has been received during the year ended 31 March 2019 in relation to encourage of staff employment. During the year ended 31 March 2018 the government grants of HK\$548,816 have been received in relation to a recycle fund subsidy and enterprise transformation and upgrading subsidy entitled to subsidiaries of the Group. There were no unfulfilled conditions or contingencies relating to these government grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

9. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging (crediting):

	2019	2018
Amortisation of leasehold land and land use right	495,897	493,302
Auditors' remuneration:		
– Audit services	960,874	920,074
– Non-audit services	993,688	650,000
	1,954,562	1,570,074
Cost of inventories sold	352,828,608	372,524,354
Depreciation of property, plant and equipment	13,691,898	12,934,349
Direct operating expenses for generating rental income	2,820,555	3,128,690
Exchange (gain) loss	(1,036,554)	2,459,147
Gain on disposal of financial assets at fair value through profit or loss	(3,077,406)	(130,722)
Gain on fair value change of financial assets at fair value through profit or loss	(177,622)	(2,742,174)
	(3,255,028)	(2,872,896)
Impairment loss recognised in respect of amount due from an associate	–	309,958
Impairment loss recognised in respect of trade and other receivables	2,692,974	13,771
Operating lease rental in respect of office premises	1,320,606	1,426,428
Write-down of stock of property	6,270,143	–
Staff costs (including directors' remuneration):		
– Salaries, wages and allowances	51,938,551	51,238,516
– Staff benefits	391,817	640,050
– Retirement benefit schemes contributions	892,591	895,110
	53,222,959	52,773,676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

10. FINANCE COSTS

	2019	2018
Interest expenses on:		
Bank loans and overdraft	10,734,954	6,177,077
Amounts due to related companies	–	18,249
Other borrowings	76,735	9,414
Bank charges	639,882	450,890
	<u>11,451,571</u>	<u>6,655,630</u>

11. INCOME TAX EXPENSE

The income tax expense is as follow:

	2019	2018
Hong Kong Profits Tax		
– Current tax	5,386,453	5,307,654
– Under provision in prior years	42,202	80,417
	<u>5,428,655</u>	<u>5,388,071</u>
PRC Enterprise Income Tax		
– Current tax	976,682	350,636
– Under provision in prior years	–	512
	<u>976,682</u>	<u>351,148</u>
Deferred tax (credit) charge (<i>note 36</i>)	<u>(285,121)</u>	<u>1,226,847</u>
Total income tax expense for the year	<u>6,120,216</u>	<u>6,966,066</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

II. INCOME TAX EXPENSE (Cont'd)

Accordingly, starting from current year the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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

	2019	2018
(Loss) profit before tax	<u>(39,549,876)</u>	<u>73,716,316</u>
Tax at domestic income tax rate	(5,615,640)	12,820,897
Tax effect of:		
Expenses not deductible for tax purpose	3,615,365	233,095
Accelerated accounting depreciation over tax depreciation over provided	446,348	239,295
Income not taxable for tax purpose	(3,102,075)	(6,641,271)
Under provision in prior years	42,202	80,929
Estimated tax losses not recognised	481,119	1,093,696
Share of results of associates	10,609,174	(366,678)
Utilisation of tax losses previously not recognised	(114,277)	(212,733)
One-off tax reduction of Hong Kong Profit Tax by Inland Revenue Department	(168,369)	(281,164)
Reversal of tax losses previously recognised	91,369	–
Tax relief on 8.25% on first HK\$2 million of assessable profits	(165,000)	–
Total income tax expense for the year	<u>6,120,216</u>	<u>6,966,066</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

12. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' REMUNERATION

The remuneration paid or payable to each of the 12 (2018: 14) directors for the year ended 31 March 2019.

The directors' emoluments disclosed pursuant to the Listing Rules and section 383 of the Hong Kong Companies Ordinance (Cap. 622), is as follows:

Name of directors	Salaries, allowance and other benefits	Director fee	Retirement benefit schemes contributions	Total
2019				
<i>Executive directors</i>				
Chua Nai Tuen	3,331,301	65,000	–	3,396,301
Nelson Junior Chua	973,750	30,000	34,200	1,037,950
Gilson Chua	1,033,669	30,000	18,000	1,081,669
<i>Non-executive directors</i>				
Chan Man Hon, Eric	–	40,000	–	40,000
Jimmy Siy Tiong	–	30,000	–	30,000
Tsai Han Yung	–	40,000	–	40,000
Samuel Siy Yap (resigned on 29 March 2019)	–	30,000	–	30,000
Vivian Chua	495,875	30,000	18,000	543,875
<i>Independent non-executive directors</i>				
Chan Siu Ting	–	55,000	–	55,000
James L. Kwok	–	50,000	–	50,000
Wong Shek Keung	–	55,000	–	55,000
Tsui Ka Wah	–	50,000	–	50,000
	5,834,595	505,000	70,200	6,409,795

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

12. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' REMUNERATION (Cont'd)

Name of directors	Salaries, allowance and other benefits	Director fee	Retirement benefit schemes contributions	Total
2018				
<i>Executive directors</i>				
Chua Nai Tuen	3,139,300	65,000	4,092	3,208,392
Nelson Junior Chua	928,583	30,000	33,350	991,933
Gilson Chua	998,812	30,000	18,000	1,046,812
<i>Non-executive directors</i>				
Chan Man Hon, Eric	–	40,000	–	40,000
Jimmy Siy Tiong	–	30,000	–	30,000
Rene Siy Chua (resigned on 16 March 2018)	–	30,000	–	30,000
Tsai Han Yung	–	40,000	–	40,000
Samuel Siy Yap	–	30,000	–	30,000
Vivian Chua	477,500	30,000	18,000	525,500
<i>Independent non-executive directors</i>				
Chan Siu Ting	–	55,000	–	55,000
James L. Kwok	–	50,000	–	50,000
Wong Shek Keung	–	55,000	–	55,000
Tsui Ka Wah	–	50,000	–	50,000
Tsai Sui Cheung, Andrew (resigned on 16 March 2018)	–	50,000	–	50,000
	<u>5,544,195</u>	<u>585,000</u>	<u>73,442</u>	<u>6,202,637</u>

Mr. Chua Nai Tuen is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

During the year ended 31 March 2019, the Group had provided a staff quarter to Mr. Chua Nai Tuen with the amount of HK\$2,295,801 (2018: HK\$2,103,800) and included in salaries, allowance and other benefits.

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years. None of the directors has waived any emoluments for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

12. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' REMUNERATION (Cont'd)

Directors' material interests in transactions, arrangements and contracts of significance

During the year ended 31 March 2019, the consultancy fees of HK\$756,000 (2018: HK\$756,000) were paid by the Group to Sonliet Investment being a part of the salaries, allowance and other benefits, in which Mr. Chua Nai Tuen is the controlling shareholder and the director of Sonliet Investment.

During the year ended 31 March 2019, a tenancy agreement was made in connection with the leasing of a premises owned by Sonliet Realty Company Limited, a company controlled by Mr. Chua Nai Tuen, to Nan Sing Warehouse Limited, a non-wholly owned subsidiary of the Company, and the total amount of rental paid by the Group during the year ended 31 March 2019 was HK\$1,252,606 (2018: HK\$1,222,428).

On 26 March 2018, the Group had completed to dispose unlisted equity security outside Hong Kong which classified as AFS financial assets with the carrying amount of HK\$335,100 to Mr. Gilson Chua, a director of the Company, at a consideration of HK\$335,100.

On 27 March 2018, the Group had agreed to dispose unlisted equity security inside Hong Kong which classified as AFS financial assets with the carrying amount of HK\$750,000 to Sonliet Investment at a consideration of HK\$750,000. As at 31 March 2018, the AFS financial asset was reclassified to assets classified as assets held for sale and the disposal was completed on 8 May 2018.

On 27 March 2018, the Group had agreed to dispose unlisted equity security inside Hong Kong which classified as AFS financial assets with the carrying amount of HK\$136,000 to Sonliet Investment at a consideration of HK\$136,000. As at 31 March 2018, the AFS financial asset was reclassified to assets classified as assets held for sale and the disposal was completed on 4 July 2018.

During the year ended 31 March 2018, there were unsecured financial assistance provided from Sonliet Investment. The total amount of interests paid by the Group during the year ended 31 March 2018 was HK\$18,249.

Save for contracts amongst the Group and the aforementioned transaction, no other significant transactions, arrangements and contracts of significance to which the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

12. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' REMUNERATION (Cont'd)

Five highest paid employees

The five highest paid employees of the Group during the year included three (2018: three) directors, details of whose remuneration are disclosed above. The remuneration of the other two (2018: two) employees disclosed were as follows:

	2019	2018
Salaries and other allowances	2,262,050	2,120,500
Retirement benefit schemes contributions	36,000	36,000
	<u>2,298,050</u>	<u>2,156,500</u>

The remuneration of the other two employees (2018: two) fell within the following band:

	2019 Number of employees	2018 Number of employees
Nil – HK\$1,000,000	<u>2</u>	<u>2</u>

The two (2018: two) individuals include two (2018: two) senior management as disclosed in the section “Directors and Senior Management Profile”.

Senior management's (excluding directors) emoluments by band

The emoluments of senior management (excluding directors) fell within the following band:

	2019 Number of individual	2018 Number of individual
Nil – HK\$1,000,000	1	2
HK\$1,000,000 – HK\$1,500,000	<u>3</u>	<u>2</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

13. DIVIDENDS

	2019	2018
Dividends recognised as distribution during the year		
– Final dividend – HK3 cents (2018: HK4.5 cents) per ordinary share	6,762,601	9,783,848
– Special dividend – Nil (2018: HK10 cents) per ordinary share	–	21,741,885
– Interim dividend – Nil (2018: HK1.5 cents) per ordinary share	–	3,381,301
	<u>6,762,601</u>	<u>34,907,034</u>

Subsequent to the end of the reporting period, a final dividend of HK3 cents per ordinary share, in respect of the year ended 31 March 2019 have been proposed by the directors and are subject to approval by the shareholders at the forthcoming AGM.

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

The calculation of the basic and diluted (loss) earnings per share is based on loss attributable to owners of the Company of HK\$46,776,402 (2018: profit attributable to owners of the Company of HK\$65,660,616) and on the weighted average number of 225,420,034 (2018: 220,663,166) ordinary shares in issue during the year.

The diluted (loss) earnings per share for the years ended 31 March 2019 and 2018 were the same as basic (loss) earnings per share as there were no potential outstanding shares for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

15. INVESTMENT PROPERTIES

Fair value

At 1 April 2017	871,554,798
Additions	5,679,173
Gain arising on change in fair value	<u>27,515,945</u>
At 31 March 2018 and at 1 April 2018	904,749,916
Additions	115,595,525
Gain arising on change in fair value	<u>7,410,383</u>
At 31 March 2019	<u><u>1,027,755,824</u></u>

The Group's properties interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The Group's investment properties with carrying amounts of HK\$502,530,000 (2018: HK\$515,180,000) have been pledged to secure general banking facilities granted to the Group (note 44).

The carrying amounts of investment properties shown above comprises:

	2019	2018
Inside Hong Kong, held under medium – term lease	1,002,500,000	880,760,000
Inside Hong Kong, held under long – term lease	14,760,000	13,530,000
Outside Hong Kong, held under medium – term lease	10,495,824	10,459,916
	<u><u>1,027,755,824</u></u>	<u><u>904,749,916</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings		Plant and machinery	Furniture, fixtures & equipment	Motor vehicles	Total
	Medium and long-term lease in Hong Kong	Medium term lease in the PRC				
Cost						
At 1 April 2017	147,634,553	98,441,311	129,073,924	31,437,932	8,478,953	415,066,673
Additions	–	403,521	4,296,190	5,600,254	344,355	10,644,320
Disposal and written off	–	–	–	(181,126)	(147,175)	(328,301)
Exchange alignments	–	10,443,723	12,808,431	1,301,360	467,813	25,021,327
At 31 March 2018 and at 1 April 2018	147,634,553	109,288,555	146,178,545	38,158,420	9,143,946	450,404,019
Additions	–	–	1,682,975	2,684,109	98,136	4,465,220
Disposal and written off	–	–	–	(56,618)	(288,763)	(345,381)
Exchange alignments	–	(6,948,688)	(8,758,868)	(1,062,258)	(322,644)	(17,092,458)
At 31 March 2019	147,634,553	102,339,867	139,102,652	39,723,653	8,630,675	437,431,400
Accumulated depreciation and impairment						
At 1 April 2017	44,262,353	41,186,299	117,162,961	24,369,503	4,507,236	231,488,352
Charge for the year	5,012,674	2,451,466	2,961,700	1,453,058	1,055,451	12,934,349
Written back on disposal and written off	–	–	–	(179,924)	(130,987)	(310,911)
Exchange alignments	–	4,538,081	11,886,064	994,475	370,052	17,788,672
At 31 March 2018 and at 1 April 2018	49,275,027	48,175,846	132,010,725	26,637,112	5,801,752	261,900,462
Charge for the year	5,012,674	2,464,996	3,099,832	2,207,335	907,061	13,691,898
Disposal and written off	–	–	–	(46,683)	(288,763)	(335,446)
Exchange alignments	–	(3,074,598)	(7,947,515)	(680,094)	(243,284)	(11,945,491)
At 31 March 2019	54,287,701	47,566,244	127,163,042	28,117,670	6,176,766	263,311,423
Carrying amounts						
At 31 March 2019	<u>93,346,852</u>	<u>54,773,623</u>	<u>11,939,610</u>	<u>11,605,983</u>	<u>2,453,909</u>	<u>174,119,977</u>
At 31 March 2018	<u>98,359,526</u>	<u>61,112,709</u>	<u>14,167,820</u>	<u>11,521,308</u>	<u>3,342,194</u>	<u>188,503,557</u>

The Group's buildings with carrying amounts of HK\$93,346,853 (2018: HK\$98,359,526) have been pledged to secure general banking facilities granted to the Group (note 44).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

17. LEASEHOLD LAND AND LAND USE RIGHT

Cost	
At 1 April 2017	21,607,440
Exchange alignment	<u>2,141,968</u>
At 31 March 2018 and at 1 April 2018	23,749,408
Exchange alignment	<u>(1,419,887)</u>
At 31 March 2019	<u>22,329,521</u>
Accumulated amortisation	
At 1 April 2017	7,098,106
Charge for the year	493,302
Exchange alignment	<u>728,063</u>
At 31 March 2018 and at 1 April 2018	8,319,471
Charge for the year	495,897
Exchange alignment	<u>(495,353)</u>
At 31 March 2019	<u>8,320,015</u>
Carrying amounts	
At 31 March 2019	<u><u>14,009,506</u></u>
At 31 March 2018	<u><u>15,429,937</u></u>

The carrying amounts of leasehold land and land use right shown above comprise:

	2019	2018
Leasehold land and land use right located outside Hong Kong, held under medium-term lease	<u><u>14,009,506</u></u>	<u><u>15,429,937</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3 valuations: fair value measured using significant unobservable inputs.

	Level 1	Level 2	Level 3	Total
At 31 March 2019				
<i>Fair value on a recurring basis</i>				
Investment properties:				
– Located in Hong Kong	–	149,760,000	867,500,000	1,017,260,000
– Located outside Hong Kong	–	6,603,720	3,892,104	10,495,824
		<u> </u>	<u> </u>	<u> </u>

At 31 March 2018
Fair value on a recurring basis

Investment properties:				
– Located in Hong Kong	–	33,180,000	861,110,000	894,290,000
– Located outside Hong Kong	–	6,428,230	4,031,686	10,459,916
		<u> </u>	<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES (Cont'd)

(i) Fair value hierarchy (Cont'd)

There were no transfers between Level 1 and Level 2 or transfers into or out of Level 3 in the current year and prior years.

The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the date of the events or change in circumstance that caused the transfer.

The fair value of the Group's investment properties at 31 March 2019 has been arrived at on the basis of a valuation carried out on the date by K.T. Liu Surveyors Limited (2018: K. T. Liu Surveyors Limited and Cushman & Wakefield Limited), independent qualified surveyors who are not connected to the Group.

K.T. Liu Surveyors Limited and Cushman & Wakefield Limited are members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

At the end of each reporting period, the management will (i) verify all major inputs to the independent valuation report; (ii) assess property valuations movements when compared to the prior year valuation report; and (iii) holds discussion with the independent qualified valuers.

In estimating their fair value of the investment properties, the highest and best use of the investment properties is their current use.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment properties located in Hong Kong and outside Hong Kong are determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available without significant adjustments being made to the market observable data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES (Cont'd)

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Range
Investment properties located outside Hong Kong	Investment method	Reversionary yield	2019: 12% (2018: 12%)
Investment properties located in Hong Kong	Investment method	Reversionary yield	2019: 2.5% (2018: 2.5%)
	Market comparison approach	(Discount) premium on characteristic of the property	2019: 20% (2018: -2% to 21%)

The market comparison approach by reference to historical sales price of comparable properties on a price per square foot basis. The valuations take into account the characteristic of the investment properties which included the location, size, shape, view, floor level, year of completion and other factors collectively. The fair value measurements are positively correlated to the discount on characteristic of the property.

Reversionary yield is the rate taking into account the capitalisation of rental income potential, nature of the property and prevailing market condition. The fair value measurements are negatively correlated to the reversionary yield.

Valuation used market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's investment properties compared to the recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

The Group believes that any possible changes in input values would not cause significant change in fair value of investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES (Cont'd)

(iii) Information about Level 3 fair value measurements (Cont'd)

The following table provides a reconciliation of the movement between opening and closing balances of Level 3 investment properties, measured at fair value using a valuation technique with significant unobservable inputs:

Investment properties located in Hong Kong:

At 1 April 2017	834,000,000
Additions	5,679,173
Gain arising on change in fair value	<u>21,430,827</u>
At 31 March 2018 and at 1 April 2018	861,110,000
Gain arising on change in fair value	<u>6,390,000</u>
At 31 March 2019	<u><u>867,500,000</u></u>

Investment properties located outside Hong Kong:

At 1 April 2017	1,665,518
Gain arising on change in fair value	<u>2,366,168</u>
At 31 March 2018 and at 1 April 2018	4,031,686
Loss arising on change in fair value	<u>(139,582)</u>
At 31 March 2019	<u><u>3,892,104</u></u>

Fair value adjustment of investment properties is recognised in the line item “gain arising on change in fair value of investment properties” on the face of the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

19. INTERESTS IN ASSOCIATES

	2019	2018
Interests in associates	47,899,262	48,402,960
Amounts due from associates	34,924,489	34,469,108
Share of loss and other comprehensive loss of associates	(64,276,615)	(503,698)
	<u>18,547,136</u>	<u>82,368,370</u>

Amounts due from associates are unsecured, interest-free and have no fixed repayment terms.

At 31 March 2018, the directors assess the recoverable amounts of the amounts due from associates after considering profitability, cash flow position, financial position, forecast business development and future prospects of the associates. Based on these assessments, the directors concluded that impairment loss of HK\$309,958 was recognised.

Amount due to an associate is unsecured, interest-free and repayable on demand.

All of these associates are accounted for using the equity method in the consolidated financial statements.

Particulars of the Group's associates at the end of the reporting period are set out below:

Name of associates	Place/country of incorporation/ operation	Issued and fully paid share capital	Class of share held	Proportion of ownership interest and voting power held by the Group:		Principle activities
				2019 %	2018 %	
Wisestar Holdings Limited	Hong Kong	HK\$2	Ordinary	47.7	47.7	Dormant
Ongoing Investments Limited	British Virgin Islands/ PRC	US\$100	Ordinary	20	20	Property investment
Sequin Developments Limited	British Virgin Islands/ PRC	US\$100	Ordinary	20	20	Property investment
Titan Dragon Properties Corporation ("Titan Dragon")	Philippines	Peso\$80,000,000	Ordinary	49	49	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

19. INTERESTS IN ASSOCIATES (Cont'd)

30% equity interests of Titan Dragon is directly held by the Company and 19% equity interests of Titan Dragon is indirectly held by the Company. All other equity interests in the associates are indirectly held by the Company.

Summarised financial information in respect of each of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

Titan Dragon

	2019	2018
Current assets	<u>2,647,833</u>	<u>3,346,073</u>
Non-current assets	<u>4,863,690</u>	<u>157,560,285</u>
Current liabilities	<u>442,982</u>	<u>814,904</u>
Non-current liabilities	<u>105,752,670</u>	<u>79,641,995</u>

	2019	2018
Revenue	<u>–</u>	<u>–</u>
Loss for the year	<u>(179,177,275)</u>	<u>(1,253,890)</u>
Other comprehensive income (loss) for the year	<u>43,687</u>	<u>(5,563,245)</u>
Total comprehensive loss for the year	<u>(179,133,588)</u>	<u>(6,817,135)</u>

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

	2019	2018
Net (liabilities)/assets of Titan Dragon	<u>(98,684,129)</u>	80,449,459
Proportion of the Group's ownership interest in Titan Dragon	<u>49%</u>	<u>49%</u>
Carrying amount of the Group's interest in Titan Dragon	<u>–</u>	<u>39,420,235</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

19. INTERESTS IN ASSOCIATES (Cont'd)

The loss of Titan Dragon for the year ended 31 March 2019 includes an impairment allowance amounting to Peso\$1,379,134,000 (equivalent to approximately HK\$206,111,576) in respect of a piece of land located in the Philippines which was acquired by Titan Dragon in 1989 and held for development purposes (the "Subject Property"). During the year ended 31 March 2019, the Court of Appeals of the Philippines made its decision on 1 June 2018 and made its Resolution on 26 February 2019 dismissing Titan Dragon's Petition for *Certiorari* and denying Titan Dragon's Motion for Reconsideration of said dismissal, respectively, and asserting that Titan Dragon utilized the wrong remedy of *certiorari* and should have filed a Petition for Annulment of Judgment. Titan Dragon's Petition for *Certiorari* sought the annulment of the proceedings in a Philippines civil court which ruled in favour of a specific performance claim filed in 2015 by a Ms. Veloso-Galenzoga ("Galenzoga"), who claimed that Titan Dragon had sold the Subject Property to her in 1997.

Titan Dragon had filed for a review of the court's decision as well as made a criminal complaint in relation to Galenzoga's purported forgery of various documents to implement her fraudulent scheme to unlawfully take possession of the Subject Property. The Court of Appeals' Decision and Resolution were reached in spite of the fact that the advises of the Philippine lawyers of Titan Dragon were that the arguments raised by Titan Dragon had merits. Although Titan Dragon has filed its Petition for Review on *Certiorari* before the Supreme Court of the Philippines and, in the opinion of the Philippine lawyers of Titan Dragon, the arguments raised by Titan Dragon in its Petition for Review have merit and its position is strong, it is considered prudent that Titan Dragon should meanwhile fully impair the carrying amount of the Subject Property as it is difficult to predict how the Supreme Court will rule on the issues raised in the Petition for Review. As a result, the impairment loss is recognised by Titan Dragon in its profit or loss account for the year ended 31 March 2019 and Titan Dragon recorded a loss for the year ended 31 March 2019 of HK\$179,177,275. The Group's share of Titan Dragon's loss for the year amounted to HK\$64,807,139, of which:

- the Group recognises HK\$39,441,642 as its share of loss of the associate on an equity accounting basis in the consolidated income statement; and
- the remaining amount of HK\$25,365,497 is not recognised in the consolidated income statement of the Group as the Group's share of loss of the associate exceeds its interest in the associate. Accordingly, the Group has discontinued recognising its share of further losses of the associate. For this purpose, the carrying amount of the investment in the associate was determined using the equity method together with the carrying amount of the amount due from the associate of HK\$25,365,497 which represented long-term interests that, in substance, form part of the Group's net investment in the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

19. INTERESTS IN ASSOCIATES (Cont'd)

Aggregate information of associates that are not individually material:

	2019	2018
The Group's share of profit and total comprehensive income	<u>509,117</u>	<u>2,836,698</u>
Aggregate carrying amounts of the Group's interests in these associates	<u>8,988,144</u>	<u>8,479,027</u>

Unrecognised share of loss of associates

	2019	2018
The unrecognised share of loss of associates for the year	<u>22,989,726</u>	<u>–</u>
Cumulative unrecognised share of loss of associates	<u>22,989,726</u>	<u>–</u>

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018
Listed investments:	
– Equity securities listed in Hong Kong, at fair value	<u>2,751,000</u>

Upon adoption of HKFRS 9 at 1 April 2018, AFS financial assets with carrying amount of HK\$2,751,000 was reclassified to financial assets at FVTPL (note 2).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Cont'd)

Upon application of HKFRS 9 on 1 April 2018, the Group has reclassified all AFS financial assets to financial assets at FVTPL.

During the year ended 31 March 2018, gain on fair value change of AFS financial assets recognised in other comprehensive income amounted to HK\$2,735,964.

On 26 March 2018, the Group had completed to dispose of unlisted equity security outside Hong Kong which classified as AFS financial assets with the amount of HK\$335,100 to Mr. Gilson Chua, a director of the Company, at a consideration of HK\$335,100.

On 28 March 2018, the Group had completed the disposal of unlisted equity security inside Hong Kong which classified as AFS financial assets with the carrying amount of HK\$60,000 to an independent third party at a consideration of HK\$3,600,000.

On 27 March 2018, the Group had agreed to dispose unlisted equity securities in Hong Kong which classified as AFS financial assets with the carrying amount of HK\$750,000 to Sonliet Investment at a consideration of HK\$750,000. As at 31 March 2018, the AFS financial asset was reclassified to assets classified as assets held for sale and the disposal was completed on 8 May 2018.

On 27 March 2018, the Group had entered into an agreement to dispose unlisted equity securities in Hong Kong which classified as AFS financial assets with the carrying amount of HK\$136,000 to Sonliet Investment at a consideration of HK\$136,000. As at 31 March 2018, the AFS financial asset was reclassified to assets classified as assets held for sale and the disposal was completed on 4 July 2018.

Fair values of listed securities are determined with reference to quoted market closing prices at the end of the reporting period. At 31 March 2018, the Group's AFS financial assets listed in Hong Kong were determined to be impaired on the basis of material decline in their fair value. The directors considered that such a decline is significant to its original cost and indicated that the listed securities had been impaired. Therefore, impairment loss on these investment with the amount of HK\$479,500 was recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

21. INTANGIBLE ASSETS

	Stock Exchange trading right	Futures Exchange trading right	Membership of The Chinese Gold & Silver Exchange Society	Club membership	Total
Cost					
At 1 April 2017, at 31 March 2018, at 1 April 2018 and at 31 March 2019	<u>5,030,001</u>	<u>201,205</u>	<u>1,475,000</u>	<u>981,500</u>	<u>7,687,706</u>
Accumulated impairment losses					
At 1 April 2017, at 31 March 2018, at 1 April 2018 and at 31 March 2019	<u>(2,810,000)</u>	<u>–</u>	<u>(1,175,000)</u>	<u>–</u>	<u>(3,985,000)</u>
Carrying amounts					
At 31 March 2019	<u><u>2,220,001</u></u>	<u><u>201,205</u></u>	<u><u>300,000</u></u>	<u><u>981,500</u></u>	<u><u>3,702,706</u></u>
At 31 March 2018	<u><u>2,220,001</u></u>	<u><u>201,205</u></u>	<u><u>300,000</u></u>	<u><u>981,500</u></u>	<u><u>3,702,706</u></u>

The Group classified the above intangible assets with indefinite life in accordance with HKAS 38 *Intangible Assets*. In the opinion of the directors, the above intangible assets except club membership are capable of being renewed indefinitely at insignificant cost and therefore are perpetual in duration, and based on future financial performance of the Group, they are expected to generate positive cash flows indefinitely. The club membership is assessed to have indefinited useful lives. Under HKAS 38, the Group reassesses the useful life of the intangible assets at the end of the reporting period to determine whether events or circumstances continue to support the view of the indefinite useful life of the asset.

Impairment

The Group performed impairment test for the intangible assets by comparing its recoverable amounts to their carrying amounts at the end of the reporting period in accordance with HKAS 36 *Impairment of Assets*. The recoverable amounts of the intangible assets are determined based on fair value less cost of disposal. The fair values of intangible assets are determined based on the current market conditions and the directors consider that no impairment loss was recognised for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

22. OTHER ASSETS

	2019	2018
Contribution to the compensation fund with the Stock Exchange	1,500,000	1,667,857
Statutory deposits with Hong Kong Securities Clearing Company Limited	600,000	600,000
Admission fee & guarantee fund to Hong Kong Securities Clearing Company Limited	600,000	600,000
	<u>2,700,000</u>	<u>2,867,857</u>

23. DEPOSIT PAID FOR ACQUISITION OF PROPERTY

On 19 March 2018, the Group had succeeded in the tender process to acquire a property with total consideration of HK\$103,890,000. Amount of HK\$5,500,000 was paid as deposit for acquisition of the property located in Hong Kong (“Acquisition of the Property”). The Acquisition of the Property had completed on 11 May 2018.

24. INVENTORIES

	2019	2018
Raw material	26,114,760	47,473,330
Work in progress	5,480,927	9,224,881
Finished goods	23,968,422	19,913,545
	<u>55,564,109</u>	<u>76,611,756</u>

Inventories are expected to be recovered within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

25. STOCK OF PROPERTY

	HK\$
At 1 April 2017	114,870,000
Addition	<u>9,327,018</u>
At 31 March 2018 and at 1 April 2018	124,197,018
Addition	12,073,125
Write-down of stock of property	<u>(6,270,143)</u>
At 31 March 2019	<u>130,000,000</u>

The stock of property is located in Hong Kong and held under long-term leases.

Property under development held for sales is expected to be recovered after more than one year.

At 31 March 2019 and 2018, the directors reviewed the carrying amounts of the stock of property with reference to current market situation and the estimated selling price of the stock of property provided by K.T. Liu Surveyors Limited.

During the year ended 31 March 2019, a write-down of stock of property of HK\$6,270,143 (2018: nil) was recognised in the consolidated income statement as the net realisable value of the stock of property was lower than the carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

26. TRADE AND OTHER RECEIVABLES

The Group's trade receivables arose from (i) property investment development and leasing/hotel operations, (ii) manufacturing and distribution of plastic packaging materials, and (iii) broking and securities margin financing for the year.

	2019	2018
Trade receivables from:		
– Clearing house and cash clients	8,119,284	10,380,173
– Secured margin clients	106,845,479	74,501,012
– Other customers	38,032,866	49,209,234
	152,997,629	134,090,419
Less: Allowance for credit losses	(2,668,197)	(9,410,948)
	150,329,432	124,679,471
Other receivables	6,021,291	9,119,410
	156,350,723	133,798,881

At 31 March 2019 and at 1 April 2018, trade receivables (before allowance for credit losses) from contracts with customers amounted to HK\$152,624,678 and HK\$133,429,313 respectively.

Trade receivables from other customers are comprised of sales of goods and rental income.

The Group allows a credit period up to the respective settlement dates for securities transactions (normally two business days after the respective trade date for cash clients). Each secured margin client has a credit limit.

Trade receivables of manufacturing and distribution of plastic packaging materials fall into the general credit term ranged from 0-90 days except for a credit period mutually agreed between the Group and the customers.

The Group's trading terms with hotel room guests are requested to settle all outstanding balances before they check out and mainly settled by cash and credit card. The settlement terms of credit card companies are usually 7 days after the service rendered date.

The Group's trading terms with certain of the corporate customers in relation to the provision of hotel and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

26. TRADE AND OTHER RECEIVABLES (Cont'd)

Normally, upon check-in, the Group will request its room guests for cash deposit or credit card debit authorisation. Other than that, the Group does not obtain any other collateral from its room guests.

At 31 March 2019, trade receivables from cash client and secured margin clients with the amounts of HK\$1,909,350 (2018: nil), HK\$2,894,615 (2018: nil) and HK\$5,555,906 (2018: HK\$6,560) were due from Mr. Chua Nai Tuen, J & N International Limited, a company controlled by Mr. Chua Nai Tuen, and key management personnel respectively.

(a) Aging analysis

The following is an aging analysis of trade receivables of the Group arose from clearing house and cash clients and other customers, presented based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for credit losses:

	2019	2018
0–30 days	29,112,195	33,819,736
31–60 days	7,328,050	8,059,968
Over 60 days	8,645,395	8,298,755
	<u>45,085,640</u>	<u>50,178,459</u>

Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bears interest at ranging from 8.25% to 8.5% for the year ended 31 March 2019 (2018: 8.25%). The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. At 31 March 2019, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK\$362,382,252 (2018: HK\$194,660,860). At 31 March 2019, the pledged value of securities of margin clients to bank for banking facilities granted to the Group was HK\$3,131,100 (2018: HK\$10,044,400). No aging analysis of secured margin clients is disclosed as in the opinion of the directors, the aging analysis does not give additional value in view of the nature of business of securities margin financing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

26. TRADE AND OTHER RECEIVABLES (Cont'd)

(b) Movement of allowance for doubtful debts

The movement in the allowance for doubtful debts during the year ended 31 December 2018, including both specific and collective loss components, is as follows:

	2018
At 1 January	9,410,948
Impairment loss recognised	13,771
Written off as bad debt	<u>(13,771)</u>
	<u>9,410,948</u>

(c) Aging of trade receivables which are past due but not impaired

Comparative under HKAS 39

Trade receivables disclosed above include amounts which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

The following is an aging analysis of trade receivables of the Group which are past due but not impaired:

	2018
Neither past due nor impaired	30,543,399
Less than one month past due	13,667,265
One to three months past due	2,796,388
More than three months past due	<u>3,171,407</u>
	<u>50,178,459</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

26. TRADE AND OTHER RECEIVABLES (Cont'd)

(c) Aging of trade receivables which are past due but not impaired (Cont'd)

Comparative under HKAS 39 (Cont'd)

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to large number of diversified customers that have a good track of record with the Group. Based on the past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

In determining the recoverability of a trade receivable, the directors considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the large and unrelated customer base.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
Listed securities:		
– Equity securities listed in Hong Kong, at fair value	<u>8,883,000</u>	<u>28,177,000</u>

Upon application of HKFRS 9 on 1 April 2018, the Group has reclassified listed investments with the carrying amount of HK\$2,751,000 from AFS financial assets to financial assets at FVTPL (note 2).

At the end of the reporting period, all financial assets at FVTPL are stated at fair value. Fair values of listed securities are determined with reference to quoted market closing prices.

At 31 March 2019, equity securities listed in Hong Kong with carrying amounts of HK\$7,341,000 (2018: HK\$7,561,500) have been pledged to secure general banking facilities granted to the Group (note 44).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

28. RESTRICTED CASH

	2019	2018
Restricted deposit held at bank	<u>4,100,000</u>	<u>4,100,000</u>

The effective interest rates on time deposits ranged from 0.55% p.a. (2018: 0.3% p.a.) and mature within 181 days (2018: 181 days).

Restricted cash are reserved for serving of debt for bank overdraft provided by a bank.

29. TRUST ACCOUNTS OF SHARES DEALING CLIENTS

	2019	2018
Trust accounts	<u>78,365,690</u>	<u>105,805,007</u>

From the Group's ordinary business of securities and future dealing, it receives and holds money for clients and other institutions in the course of conducting its regulated activities. These client's monies are maintained in one or more trust accounts. The Group has recognised the corresponding trade payables to respective clients and other institutions.

At 31 March 2019, the Group's trust accounts denominated in RMB is HK\$47,891 (2018: HK\$1,489,227).

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the foreign exchange control promulgated imposed by the PRC government. The Group's trust accounts denominated in RMB are located in Hong Kong which is not subject to the foreign exchange control.

Trust accounts earn interests at floating rates based on daily bank deposit rates and is placed with creditworthy banks with no recent history of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

30. CASH AND CASH EQUIVALENTS

	2019	2018
Cash on hand and cash at back	<u>91,012,693</u>	<u>90,240,509</u>

At 31 March 2019, the Group's cash and cash equivalents denominated in RMB and USD are HK\$17,746,182 (2018: HK\$9,754,318) and HK\$6,908,742 (2018: HK\$7,061,804) respectively.

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the foreign exchange control promulgated imposed by the PRC government. Majority of the Group's cash and bank balances denominated in RMB are located in Hong Kong which is not subject to the foreign exchange control.

31. ASSETS CLASSIFIED AS ASSETS HELD FOR SALE

On 27 March 2018, the Group had agreed to dispose unlisted equity security inside Hong Kong which classified as AFS financial assets with the carrying amount of HK\$750,000 to Sonliet Investment at a consideration of HK\$750,000. The disposal was completed on 8 May 2018.

On 27 March 2018, the Group had agreed to dispose unlisted equity security inside Hong Kong which classified as AFS financial assets with the carrying amount of HK\$136,000 to Sonliet Investment at a consideration of HK\$136,000. The disposal was completed on 4 July 2018.

As at 31 March 2018, the above-mentioned AFS financial assets have been reclassified to assets classified as assets held for sale and are presented separately in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

32. TRADE AND OTHER PAYABLES

The Group's trade payables arose from (i) hotel operations, (ii) manufacturing and distribution of plastic packaging materials, and (iii) broking and securities margin financing for the year.

	2019	2018
Trade payables to:		
– Clearing house and cash clients	78,439,247	96,588,959
– Secured margin clients	14,990,074	22,115,663
– Other creditors	17,522,788	32,756,386
	110,952,109	151,461,008
Other payables	25,903,037	32,829,646
	136,855,146	184,290,654

Trade payables to other creditors are comprised of purchases of materials and supplies.

The following is an aging analysis of the trade payables at the end of the reporting period:

	2019	2018
0–30 days	109,961,382	150,454,195
31–60 days	384,448	398,774
Over 60 days	606,279	608,039
	110,952,109	151,461,008

The credit period granted by suppliers is generally within 30 days.

At 31 March 2018, amount of HK\$886,000 included in other payables related to deposits received from Sonliet Investment for disposal of two unlisted equity securities classified as AFS financial assets.

Upon application of HKFRS 15 at 1 April 2018, other payables of HK\$2,280,456 was reclassified under contract liabilities (note 2).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

33. CONTRACT LIABILITIES

	31 March 2019 HK\$	1 April 2018* HK\$
Deposit received from customers for hotel operation	1,378,217	1,027,988
Deposit received from customers for sales of plastic packaging materials	1,259,095	1,252,468
	<u>2,637,312</u>	<u>2,280,456</u>

* The amounts in this column are after the adjustments from the application of HKFRS 15.

When the Group receives a deposit before the control of the plastic packaging materials are passed to the customers, this will give rise to contract liabilities at the start of a contract, until the control of the electric vehicles and related products are passed to the customers and revenue of the respective contracts are recognised.

Deposits received from customer for hotel operation mainly comprise deposit receipts in advance from customers.

For the contract liabilities at 1 April 2018, the entire balances are recognised as revenue during the year ended 31 March 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

34. BANK LOANS

	2019	2018
Secured bank loans	<u>388,977,423</u>	<u>283,250,558</u>
	2019	2018
Carrying amounts repayable:		
Within one year	183,588,370	65,505,305
More than one year, but not exceeding two years	8,560,408	11,573,672
More than two years, but not exceeding five years	177,542,814	185,734,968
Over five years	<u>644,733</u>	<u>980,746</u>
	<u>370,336,325</u>	<u>263,794,691</u>
Carrying amounts that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within one year	827,977	818,427
More than one year, but not exceeding two years	848,126	837,521
More than two years, but not exceeding five years	2,662,268	2,626,488
Over five years	<u>14,302,727</u>	<u>15,173,431</u>
	<u>18,641,098</u>	<u>19,455,867</u>
	388,977,423	283,250,558
Less: Amounts shown under current liabilities	<u>(202,229,468)</u>	<u>(84,961,172)</u>
Amounts shown under non-current liabilities	<u>186,747,955</u>	<u>198,289,386</u>

The secured bank loans were guaranteed by the Group's subsidiaries and secured by the Group's assets as described in note 44 to the consolidated financial statements. Bank loans bear interest rate at rates ranging from 1.73% to 4.41% (2018: 1.66% to 2.95%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

35. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests are unsecured, interest-free and has no fixed repayment terms and classified as non-current liabilities.

36. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019	2018
Deferred tax assets	1,897,682	1,173,324
Deferred tax liabilities	<u>(10,531,685)</u>	<u>(10,092,448)</u>
	<u>(8,634,003)</u>	<u>(8,919,124)</u>

The followings are the deferred tax balances recognised in the consolidated statement of financial position and the movements thereon:

	Accelerated tax depreciation	Revaluation of investment properties	Tax loss	Allowance for credit loss	Others	Total
At 1 April 2017	7,307,047	1,053,560	(942,118)	-	273,788	7,692,277
Charge (credit) to the consolidated income statement (<i>note 11</i>)	<u>444,273</u>	<u>1,013,780</u>	<u>(231,206)</u>	<u>-</u>	<u>-</u>	<u>1,226,847</u>
At 31 March 2018 and at 1 April 2018	7,751,320	2,067,340	(1,173,324)	-	273,788	8,919,124
Charge (credit) to the consolidated income statement (<i>note 11</i>)	<u>391,438</u>	<u>8,976</u>	<u>(305,960)</u>	<u>(379,575)</u>	<u>-</u>	<u>(285,121)</u>
At 31 March 2019	<u>8,142,758</u>	<u>2,076,316</u>	<u>(1,479,284)</u>	<u>(379,575)</u>	<u>273,788</u>	<u>8,634,003</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

36. DEFERRED TAX (Cont'd)

At the end of the reporting period, the Group had unused estimated tax losses arising in Hong Kong and the PRC of HK\$43,533,768 (2018: HK\$41,310,485) and HK\$2,302,719 (2018: HK\$6,710,670) respectively available for offset against future profits. No deferred tax assets has been recognised in respect of tax losses other than stated as below due to unpredictability of future profit streams. The unrecognised tax losses could be carry forward indefinitely except for the tax losses arising in the PRC that will expire in one to five years for offsetting against future taxable profits.

The Group had tax assets recognised deferred of HK\$1,479,284 (2018: HK\$1,173,324) in respect of losses amounting to HK\$8,965,358 (2018: HK\$7,111,055) incurring in one of the subsidiaries located in Hong Kong as the related tax benefit through future taxable profits is probable.

37. SHARE CAPITAL

	2019		2018	
	Number of share	HK\$	Number of share	HK\$
Issued and fully paid:				
At 1 April	225,420,034	245,062,941	217,418,850	217,418,850
Issued of new shares (<i>note</i>)	–	–	8,001,184	27,644,091
At 31 March	<u>225,420,034</u>	<u>245,062,941</u>	<u>225,420,034</u>	<u>245,062,941</u>

Note:

On 3 November 2017, the Company allotted and issued 8,001,184 shares at HK\$3.455 per share as scrip dividends. The scrip dividends were approved in AGM held on 25 August 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

38. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVE OF THE COMPANY

(a) Statement of financial position of the Company

	2019	2018
Non-current assets		
Investment property	3,892,104	4,031,686
Property, plant and equipment	380,403	475,156
Interests in subsidiaries	401,757,392	309,091,012
Interest in an associate	—	38,501,409
	<u>406,029,899</u>	<u>352,099,263</u>
Current assets		
Amounts due from subsidiaries	350,876,380	346,871,186
Trade and other receivables	1,847,654	1,492,764
Deposits and prepayments	515,212	523,851
Cash and cash equivalents	2,814,106	4,837,223
	<u>356,053,352</u>	<u>353,725,024</u>
Asset classified as asset held for sale	—	750,000
	<u>356,053,352</u>	<u>354,475,024</u>
Current liabilities		
Other payables	3,956,187	4,621,513
Amounts due to subsidiaries	193,129,059	70,794,408
Amount due to an associate	1,158,234	1,449,606
	<u>198,243,480</u>	<u>76,865,527</u>
Net current assets	<u>157,809,872</u>	<u>277,609,497</u>
Net assets	<u>563,839,771</u>	<u>629,708,760</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

38. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVE OF THE COMPANY (Cont'd)

(a) Statement of financial position of the Company (Cont'd)

	2019	2018
Capital and reserves		
Share capital	245,062,941	245,062,941
Retained earnings	318,776,830	384,645,819
Total equity	<u>563,839,771</u>	<u>629,708,760</u>

On behalf of the board of directors and signed by:

Chua Nai Tuen
Director

Nelson Junior Chua
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

38. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVE OF THE COMPANY (Cont'd)

(b) Movement of reserve of the Company

Movement of reserve of the Company is as follow:

	Retained earnings
At 1 April 2017	118,829,970
Profit and total comprehensive income for the year	300,722,883
Dividends paid (<i>note 13</i>)	<u>(34,907,034)</u>
At 31 March 2018 and at 1 April 2018	384,645,819
Loss and total comprehensive loss for the year	(59,106,388)
Dividends paid (<i>note 13</i>)	<u>(6,762,601)</u>
At 31 March 2019	<u><u>318,776,830</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain the Group's ability to continue operating as a going concern and to preserve healthy capital structure 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. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, issue of new shares and repurchase of existing shares as well as issue of new debt or redemption of existing debt. The Group's overall strategy remains unchanged from prior years.

Consistently, the Group monitors capital on the basis of net debt to equity ratio calculated on the basis of the Group's net debt over equity attributable to owners of the Company. The Group's policy is to keep the net debt to equity ratio at a reasonable level.

The Group is not subject to any external imposed capital requirements, except for certain subsidiaries of the Group licensed by the Securities and Futures Commission are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules at all times.

The net debt to equity ratio at the end of the reporting period are as follows:

	2019	2018
Total debts (<i>note</i>)	388,977,423	283,250,558
Less:		
Restricted cash	(4,100,000)	(4,100,000)
Cash and cash equivalents	(91,012,693)	(90,240,509)
Net debt	<u>293,864,730</u>	<u>188,910,049</u>
Equity attributable to owners of the Company	<u>1,227,825,171</u>	<u>1,291,450,260</u>
Net debts to equity ratio	<u>24%</u>	<u>15%</u>

Note: Total debts comprises bank loans as detailed in note 34 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

40. RECONCILIATION OF (LOSS) PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	2019	2018
(Loss) profit before tax	(39,549,876)	73,716,316
Adjustments for:		
Gain arising on change in fair value of investment properties	(7,410,383)	(27,515,945)
Gain arising on change in fair value of financial assets at fair value through profit or loss	(3,255,028)	(2,872,896)
Gain on disposal of available-for-sale financial assets	–	(3,540,000)
Cumulative gain reclassified from equity to profit or loss upon disposal of available-for-sale financial assets	–	(7,671,354)
Share of results of associates	64,298,022	(2,222,291)
Dividend income from unlisted equity securities	–	(8,160)
Dividend income from listed equity securities	(132,791)	(824,600)
Bad debt recovered	(13,771)	(189,800)
Write-down of stock of property	6,270,143	–
Bank interest income	(88,205)	(698,984)
Finance costs	11,451,571	6,655,630
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss	–	479,500
Impairment loss recognised in respect of amount due from an associate	–	309,958
Impairment loss recognised in respect of trade and other receivables	2,692,974	13,771
Depreciation of property, plant and equipment	13,691,898	12,934,349
Amortisation of leasehold land and land use right	495,897	493,302
Gain on disposal of property, plant and equipment	(95,065)	(18,087)
Operating cash flows before movements in working capital	48,355,386	49,040,709
Decrease (increase) in inventories	18,332,708	(7,037,646)
(Increase) decrease in trade and other receivables	(25,900,801)	37,439,404
Decrease (increase) in financial assets at fair value through profit or loss	25,300,028	(18,134,354)
(Increase) decrease in deposits and prepayments	(2,829,440)	547,983
Increase in stock of property	(12,073,125)	(9,327,018)
Decrease in trust accounts of shares dealing clients	27,439,317	515,924
(Decrease) increase in trade and other payables	(43,430,471)	13,447,041
Increase in contract liabilities	356,856	–
(Decrease) increase in amount due to an associate	(291,372)	451,846
Cash generated from operations	<u>35,259,086</u>	<u>66,943,889</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

41. RETIREMENT BENEFIT COSTS

The Group operates MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all employees employed in Hong Kong. The Group has chosen to follow the minimum statutory contribution requirement of 5% of eligible employees' monthly relevant income but limited to the mandatory cap of HK\$30,000. The contributions are charged to profit or loss as incurred. The assets of the MPF Scheme are held separately from those of the Group in an independently administrative fund.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the PRC government is made the specified contributions under the schemes. The contributions are charged to profit or loss as incurred.

42. MAJOR NON-CASH TRANSACTIONS

The Group entered into the followings major non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

- (a) During the year ended 31 March 2019, included in additions to investment properties with the amounts of HK\$5,500,000 was settled by deposits for acquisition of property paid during the year ended 31 March 2018.
- (b) During the year ended 31 March 2018, dividend income from listed securities with the amounts of HK\$605,976 was settled by subscription of AFS financial assets as scrip dividends.
- (c) During the year ended 31 March 2018, dividends paid with the amounts of HK\$27,644,091 was settled by issue of new shares to shareholders as scrip dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

43. LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019	2018
Within one year	1,698,000	1,873,987
In the second to fifth year inclusive	1,272,145	622,802
	<u>2,970,145</u>	<u>2,496,789</u>

Operating lease payments represent rentals payable by the Group for certain of its premises and computer software. Leases are negotiated at terms which range from 1 to 3 years. The Group does not have an option to purchase the leased premises and computer software at the expiry of the lease period.

The Group as lessor

Rental income and rental related income earned during the year was HK\$21,556,178 (2018: HK\$21,869,664). Investment properties held by the Group are for rental purposes and are expected to generate annual rental yields of 1% to 12% (2018: 1% to 11%) on an ongoing basis respectively. All of the investment properties held have committed tenants for the next 2 years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2019	2018
Within one year	19,048,522	20,682,878
In the second to fifth year inclusive	7,677,931	13,640,979
	<u>26,726,453</u>	<u>34,323,857</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

44. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities of the Group, set out in note 34 to the consolidated financial statements:

	2019	2018
Investment properties	502,530,000	515,180,000
Property, plant and equipment	93,346,853	98,359,526
Financial assets at FVTPL	7,341,000	7,561,500
Restricted cash	4,100,000	4,100,000
Fair value of marketable securities of margin clients	4,473,000	21,226,000
	<u>611,790,853</u>	<u>646,427,026</u>

45. CAPITAL COMMITMENTS

	2019	2018
Authorised and contracted, but not provided for:		
– Acquisition of the Property	–	98,390,000
– Acquisition of property, plant and equipment	638,616	956,778
– Development expenditure of properties	6,255,077	15,630,742
	<u>6,893,693</u>	<u>114,977,520</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

46. MATERIAL RELATED PARTY TRANSACTION

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties at normal commercial terms:

	2019	2018
(a) Payment to a company in which a director of the Company has controlling interest and constitute as exempted continuing connected transactions under the Listing Rules		
– Interest expense	–	18,249
– Rental expenses	1,252,606	1,222,428
Payment to a company in which a key management personnel has equity interest		
– Consultancy fee paid	368,550	375,638
Consideration received from a director of the Company and constitute as exempted connected transactions under the Listing Rules		
– Sales of AFS financial assets	–	335,100
Income received from key management personnel		
– Income from brokerage commission	116,007	147,530
– Interest income received from client	473,895	931,913
(b) In addition to the directors' remuneration as disclosed in note 12, remuneration of the other key management personnel was disclosed as follows:		
– Short-term employee benefits	4,500,406	3,898,428
– Retirement benefit scheme contributions	109,537	104,719

The remuneration of the directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

Details of the balances with related parties at the end of the reporting period are set out in notes 19, 26 and 35 to the consolidated financial statements respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

47. PRINCIPAL SUBSIDIARIES

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

Name of company	Country/place of incorporation/ operation	Class of share/ registered capital held	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held by the Company		Principal activities
				2019 %	2018 %	
Always Best Company Limited	British Virgin Islands/ PRC	Ordinary	US\$1	95	95	Trading of plastic products
Dongguan Nan Sing Plastics Limited (<i>Note a</i>)	PRC	Registered	HK\$160,000,000	95	95	Manufacture of plastic products
Dongguan Nanryo Super Plastics Limited (<i>Note a</i>)	PRC	Registered	HK\$20,000,000	95	95	Manufacture of plastic products
Fortune State Investments Limited	Hong Kong	Ordinary	HK\$2	100	100	Investment holding
Gainful Sky Hong Kong Limited	Hong Kong	Ordinary	HK\$100	100	100	Property investment
Happy Dragon Investment Limited	Hong Kong	Ordinary	HK\$2	100	100	Investment holding
Hotel Benito Management Limited	Hong Kong	Ordinary	HK\$1,000	100	100	Hotel operation
K.W. & Associates Company Limited	Hong Kong	Ordinary	HK\$2,000,000	100	100	Property investment
Merit Ascent International Limited	British Virgin Islands	Ordinary	US\$10	100	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

47. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of company	Country/place of incorporation/ operation	Class of share/ registered capital held	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held by the Company		Principal activities
				2019 %	2018 %	
More Investments Limited	Hong Kong	Ordinary	HK\$3	100	100	Property investment
Nan Sing Holdings Limited	Hong Kong	Ordinary	HK\$10,000	100	100	Investment holding
Nan Sing Plastics Limited ("Nan Sing Plastics")	Hong Kong	Ordinary	HK\$15,000,000	95	95	Trading of plastic products
Nan Sing Realty Company Limited ("Nan Sing Realty")	Hong Kong	Ordinary	HK\$100	95	95	Property investment
Nan Sing Warehouse Limited	Hong Kong	Ordinary	HK\$100,000	95	95	Warehouse and sales of scrap plastic materials
Nanryo Super Plastics (Hong Kong) Limited	Hong Kong	Ordinary	HK\$19,500,000	95	95	Trading of plastic products
Nice Profit Hong Kong Investment Limited	Hong Kong	Ordinary	HK\$100	50	50	Property investment
SAP Realty Company Limited	Hong Kong	Ordinary	HK\$100	100	100	Property investment
Southeast Asia Properties & Finance (China) Limited	Hong Kong/PRC	Ordinary	HK\$2	100	100	Property investment and development
Southeast Asia Properties Finance (Nominees) Limited	Hong Kong	Ordinary	HK\$10,000	100	100	Nominees
Stockwell Securities Limited	Hong Kong	Ordinary	HK\$30,000,000	100	100	Stock broking
Stockwell Commodities Limited	Hong Kong	Ordinary	HK\$15,000,000	100	100	Commodities dealing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

47. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of company	Country/place of incorporation/ operation	Class of share/ registered capital held	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held by the Company		Principal activities
				2019 %	2018 %	
Strong Bright Technology Limited	Hong Kong	Ordinary	HK\$10,000	100	100	Property investment
Tanpar Company Limited	Hong Kong	Ordinary	HK\$100	95	95	Trading and Nominee
Top Epoch Limited	Hong Kong	Ordinary	HK\$1	100	100	Property investment
Tsen Hsin Industrial Company Limited	Hong Kong	Ordinary	HK\$400,000	95	95	Property investment
Winways Solution (HK) Co. Limited	Hong Kong	Ordinary	HK\$100	100	100	Trading of plastic products
Workcave Limited	Hong Kong	Ordinary	HK\$1	100	100	Co-working space operation

Note:

(a) Wholly foreign-owned enterprise

Always Best Company Limited, Dongguan Nan Sing Plastics Limited, Full Safe Trading Limited, Dongguan Nanryo Super Plastics Limited, Nan Sing Plastics, Nan Sing Plastics International Limited, Nan Sing Warehouse Limited, Nan Sing Realty, Nanryo Super Plastics (Hong Kong) Limited, Tanpar Company Limited, Tsen Hsin Industrial Company Limited, Nan Sing Investment Limited, Gainful Sky Hong Kong Limited, Hotel Benito Investment Limited, Hotel Benito Management Limited and SAP Realty Company Limited are indirectly held by the Company. All other subsidiaries are directly held by the Company.

None of the subsidiaries had debt securities outstanding at the end of the reporting period or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

47. PRINCIPAL SUBSIDIARIES (Cont'd)

The following table lists out the information relating to Nan Sing Plastics and Nan Sing Realty, subsidiaries of the Company with material non-controlling interests. The summarised financial information presented below represents the amounts before any intercompany elimination.

Nan Sing Plastics

	2019	2018
Current assets	<u>46,393,691</u>	<u>70,134,758</u>
Non-current assets	<u>353,553,136</u>	<u>245,514,748</u>
Current liabilities	<u>203,187,464</u>	<u>99,795,577</u>
Non-current liabilities	<u>122,463,402</u>	<u>118,484,809</u>
Equity attributable to owners of the Company	<u>71,984,747</u>	<u>93,986,388</u>
Non-controlling interests	<u>2,311,214</u>	<u>3,382,732</u>
Revenue	<u>518,863,582</u>	<u>580,465,271</u>
Expenses	<u>541,936,741</u>	<u>511,961,892</u>
(Loss) profit attributable to owners of the Company	<u>(22,001,641)</u>	65,322,082
(Loss) profit attributable to non-controlling interests	<u>(1,071,518)</u>	3,181,297
(Loss) profit for the year	<u>(23,073,159)</u>	<u>68,503,379</u>
Total comprehensive (loss) income attributable to owners of the Company	<u>(22,001,641)</u>	65,322,082
Total comprehensive (loss) income attributable to non-controlling interests	<u>(1,071,518)</u>	3,181,297
Total comprehensive (loss) income for the year	<u>(23,073,159)</u>	<u>68,503,379</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

47. PRINCIPAL SUBSIDIARIES (Cont'd)

Nan Sing Plastics (Cont'd)

	2019	2018
Dividend paid to non-controlling interests	<u>–</u>	<u>14,347,900</u>
Net cash generated from (used in) operating activities	<u>25,149,810</u>	<u>(4,691,816)</u>
Net cash (used in) generated from investing activities	<u>(136,547,085)</u>	<u>247,400,231</u>
Net cash generated from (used in) financing activities	<u>116,858,406</u>	<u>(260,011,486)</u>
Net cash inflow (outflow)	<u>5,461,131</u>	<u>(17,303,071)</u>

Nan Sing Realty

	2019	2018
Current assets	<u>130,158,515</u>	<u>124,436,185</u>
Non-current assets	<u>100</u>	<u>–</u>
Current liabilities	<u>340,793</u>	<u>250,790</u>
Non-current liabilities	<u>101,771,670</u>	<u>90,403,812</u>
Equity attributable to owners of the Company	<u>27,162,889</u>	<u>32,631,962</u>
Non-controlling interests	<u>883,263</u>	<u>1,149,621</u>
Revenue	<u>800,004</u>	<u>960,000</u>
Expenses	<u>6,535,535</u>	<u>506,983</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

47. PRINCIPAL SUBSIDIARIES (Cont'd)

Nan Sing Realty (Cont'd)

	2019	2018
(Loss) profit attributable to owners of the Company	(5,469,173)	431,979
(Loss) profit attributable to non-controlling interests	<u>(266,358)</u>	<u>21,038</u>
(Loss) profit for the year	<u><u>(5,735,531)</u></u>	<u><u>453,017</u></u>
Total comprehensive (loss) income attributable to owners of the Company	(5,469,173)	431,979
Total comprehensive (loss) income attributable to non-controlling interests	<u>(266,358)</u>	<u>21,038</u>
Total comprehensive (loss) income for the year	<u><u>(5,735,531)</u></u>	<u><u>453,017</u></u>
Dividend paid to non-controlling interests	<u><u>–</u></u>	<u><u>–</u></u>
Net cash used in operating activities	<u><u>(11,450,760)</u></u>	<u><u>(8,917,268)</u></u>
Net cash generated from investing activities	<u><u>–</u></u>	<u><u>–</u></u>
Net cash generated from financing activities	<u><u>11,367,857</u></u>	<u><u>9,027,482</u></u>
Net cash (outflow) inflow	<u><u>(82,903)</u></u>	<u><u>110,214</u></u>

Except for Nan Sing Plastics and Nan Sing Realty, the directors consider that the non-controlling interests of other non-wholly owned subsidiaries during the year ended 31 March 2019 and 31 March 2018 were insignificant to the Group and thus are not separately presented in these consolidated financial statements. In addition, no separate financial information of these non-wholly owned subsidiaries are required to be presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Dividend payable	Interest payable	Other finance costs payable	Bank borrowings	Amount due to a related company	Amount due to non-controlling interests	Total
At 1 April 2017	-	191,966	-	317,448,693	11,164,633	2,960,000	331,765,292
Non-cash changes							
- Finance cost recognised (note 10)	-	6,204,740	450,890	-	-	-	6,655,630
- Dividend declared (note 13)	34,907,034	-	-	-	-	-	34,907,034
- Issue of new shares as scrip Dividends	(27,644,091)	-	-	-	-	-	(27,644,091)
- Dividend declared to non-controlling interests	14,347,900	-	-	-	-	-	14,347,900
Cash flows							
- Inflow from financing activities	-	-	-	172,294,192	12,416,936	100,000	184,811,128
- Outflow from financing activities	(21,610,843)	(6,209,485)	(450,890)	(206,492,327)	(23,581,569)	-	(258,345,114)
At 31 March 2018 and at 1 April 2018	-	187,221	-	283,250,558	-	3,060,000	286,497,779
Non-cash changes							
- Finance cost recognised (note 10)	-	10,811,689	639,882	-	-	-	11,451,571
- Dividend declared (note 13)	6,762,601	-	-	-	-	-	6,762,601
Cash flows							
- Inflow from financing activities	-	-	-	172,000,000	-	50,000	172,050,000
- Outflow from financing activities	(6,762,601)	(10,614,511)	(639,882)	(66,273,135)	-	-	(84,290,129)
At 31 March 2019	-	384,399	-	388,977,423	-	3,110,000	392,471,822

49. COMPARATIVE FIGURES

The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods, comparative information is not restated.

50. APPROVAL AND AUTHORISATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 21 June 2019.

SUMMARY OF PROPERTIES HELD FOR INVESTMENT

For the year ended 31 March 2019 (in HK Dollars)

Location	Existing Use	Category of lease term
(1) Shops, G/F, 7-7B, Cameron Road, Tsimshatsui, Kowloon	Commercial	Medium-term lease
(2) 9/F, Chan Shan Building, Dong Men Nan Road, Shenzhen, PRC	Commercial	Medium-term lease
(3) Flat C & D, 2/F., Block 2, Kwai Tak Industrial Centre, Kwai Chung, New Territories	Industrial	Medium-term lease
(4) Flat 15E Tower 1, Ming Yue Hua Yuan, Yitian Road, Futian Shenzhen, PRC	Residential	Medium-term lease
(5) Everglory Centre, No. 1B Kimberly Street, Tsimshatsui Kowloon	Commercial	Medium-term lease
(6) Unit 1902, 19/F., Star House, 3 Salisbury Road, Kowloon	Commercial	Long-term lease
(7) Nam Sing Building Town Centre Zhangmutou Dongguan PRC	Residential/ Commercial	Medium-term lease
(8) No. 1 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	Open Space	Medium-term lease

SUMMARY OF PROPERTY UNDER DEVELOPMENT

For the year ended 31 March 2019 (in HK Dollars)

Location	Intended use	Approximate site area (square feet)	Group's interest
(1) Bare Site No. 111 King's Road North Point (official building number changed from No.121 to No. 111 on 5 June 2018)	Commercial	9,336	100%

SUMMARY OF PROPERTIES HELD FOR OWN USE

For the year ended 31 March 2019 (in HK Dollars)

Location	Usage	Category of lease term	Group's interest
(1) Residential Block, 7-7B Cameron Road, Tsimshatsui, Kowloon	Hotel operation	Medium-term lease	100%
(2) Room 406-410, 4/F, Tower 2, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon	Commercial	Medium-term lease	100%
(3) 24, Essex Crescent, Kowloon Tong, Kowloon	Residential	Medium-term lease	100%
(4) Nan Sing Industrial Estate, Nan Shan Development Zone Zhangmutou, Dongguan, PRC	Industrial	Medium-term lease	95%
(5) Car Park Space No. 20 on G/F., Kwai Tak Industrial Centre, Kwai Chung, N.T.	Carpark	Medium-term lease	95%
(6) Nan Shan Development Zone Zhangmutou Dongguan PRC	Industrial	Medium-term lease	95%

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 March 2019 (in HK Dollars)

The consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements are as follows:

	2019	2018	2017	2016	2015
Results					
Revenue	<u>517,164,366</u>	<u>535,833,149</u>	<u>532,100,660</u>	<u>505,012,541</u>	<u>522,171,598</u>
(Loss) profit for the year attributable to:					
Owners of the Company	<u>(46,776,402)</u>	<u>65,660,616</u>	<u>95,807,428</u>	<u>37,168,950</u>	<u>161,311,725</u>
Non-controlling interests	<u>1,106,310</u>	<u>1,089,634</u>	<u>1,746,403</u>	<u>861,836</u>	<u>5,059,609</u>
	<u>(45,670,092)</u>	<u>66,750,250</u>	<u>97,553,831</u>	<u>38,030,786</u>	<u>166,371,334</u>
Assets and liabilities					
Total assets	<u>1,781,714,793</u>	<u>1,783,201,422</u>	<u>1,759,194,391</u>	<u>1,688,429,888</u>	<u>1,599,573,116</u>
Total liabilities	<u>(545,397,883)</u>	<u>(483,785,491)</u>	<u>(513,114,687)</u>	<u>(521,853,474)</u>	<u>(457,812,673)</u>
	<u>1,236,316,910</u>	<u>1,299,415,931</u>	<u>1,246,079,704</u>	<u>1,166,576,414</u>	<u>1,141,760,443</u>
Equity attributable to:					
Owners of the Company	<u>1,227,825,171</u>	<u>1,291,450,260</u>	<u>1,225,569,958</u>	<u>1,147,356,252</u>	<u>1,124,472,683</u>
Non-controlling interests	<u>8,491,739</u>	<u>7,965,671</u>	<u>20,509,746</u>	<u>19,220,162</u>	<u>17,287,760</u>
	<u>1,236,316,910</u>	<u>1,299,415,931</u>	<u>1,246,079,704</u>	<u>1,166,576,414</u>	<u>1,141,760,443</u>
(LOSS) EARNINGS PER SHARE					
Basic and diluted	<u>(20.8) cents</u>	<u>29.8 cents</u>	<u>44.1 cents</u>	<u>17.1 cents</u>	<u>74.2 cents</u>
DIVIDEND PER SHARE	<u>3 cents</u>	<u>3 cents</u>	<u>14.5 cents</u>	<u>3 cents</u>	<u>28 cents</u>