Sustainable Forest Holdings Limited

永保林業控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code：723)

ANNUAL REPORT **2018/19**

* *for identification purpose only*

Contents

Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	Board of Directors of the Company
"Company"	Sustainable Forest Holdings Limited
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholders"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Suriname"	Republic of Suriname
"HK$" and "HK cent(s)"	Hong Kong dollars and cent(s)
"R$"	Brazilian Reais
"US$"	United States dollars
"%"	per cent.

The Chinese version of this annual report is a translation of the English version and is for reference only. In case of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Wang Jingyu *(Chairlady)*
Mr. Lai Ming Wai *(Chief Executive Officer)*
Ms. Chan Yuk Yee

Independent Non-executive Directors

Mr. Yam Kwong Chun
Mr. Chiang Bun
Mr. Chai Chi Keung

BOARD COMMITTEES

Executive Committee

Ms. Wang Jingyu *(Chairlady)*
Mr. Lai Ming Wai
Ms. Chan Yuk Yee

Audit Committee

Mr. Yam Kwong Chun *(Chairman)*
Mr. Chiang Bun
Mr. Chai Chi Keung

Remuneration Committee

Mr. Chiang Bun *(Chairman)*
Mr. Yam Kwong Chun
Mr. Chai Chi Keung

Nomination Committee

Mr. Chai Chi Keung *(Chairman)*
Mr. Yam Kwong Chun
Mr. Chiang Bun

COMPANY SECRETARY

Ms. Chan Yuk Yee

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2902A, 29th Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Bermuda
(since 19 July 2019)

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Crowe (HK) CPA Limited

TRADING OF SHARES

Hong Kong Stock Exchange
(Stock Code: 723)

WEBSITE ADDRESS

http://www.susfor.com

* *The above information is updated to 26 July 2019, being the latest practicable date before printing of this annual report.*

Chairlady's Statement

On behalf of the Board, I am pleased to present to the Shareholders the results of the Group for the year ended 31 March 2019 ("FY2019").

RESULTS

For the year under review, the Group continued to focus on its four business segments, namely money lending business, forest-related business including sustainable forest management and sales of timber and wooden products, and leasing of properties.

The Group has achieved very encouraging results for FY2019 by generating a revenue of HK$589,114,000, substantially increased by 21.7 times over the prior year (2018: HK$25,920,000), and reporting a profit attributable to owners of the Company of HK$26,372,000, increased by 21% over last year (2018: HK$21,865,000). The Company's basic earnings per share also rose by 16% to HK0.29 cent (2018: HK0.25 cent). The Group has delivered tremendous improvement on its financial performance as most of the reported profit for FY2019 was related to operating activities of the Group whereas the profit recorded last year was mainly due to the non-cash gain of write-back of financial liabilities relating to warrants issued of HK$22,522,000. These results also well exceed the forecast for FY2019 announced by the Company on 27 September 2018.

All four business segments of the Group continued to report profitable results for FY2019 with the money lending business and sales of timber and wooden products business being the main drivers of the Group's significantly improved results. For FY2019, the money lending business reported a remarkable growth in revenue and profit reaching HK$22,319,000 (2018: HK$5,821,000) and HK$18,958,000 (2018: HK$5,123,000) respectively, mainly due to the continuous expansion of its loan and finance lease portfolio, whereas the sales of timber and wooden products business also registered a tremendous growth in revenue and profit reaching HK$562,777,000 (2018: HK$16,196,000) and HK$12,134,000 (2018: HK$351,000) respectively, primarily owing to the significant increase in trade volume of the business. The management is confident that these businesses will continue to perform well in the year ending 31 March 2020 ("FY2020").

PROSPECTS

Since the change of the substantial shareholder of the Company to Champion Alliance Enterprises Limited on 12 October 2017 and the appointment of the new executive directors to the Board since October 2017, the directors and management team of the Company have used their best endeavour to improve the businesses of the Group. The outcomes are very encouraging and the Group has registered significant increases in its revenue and profit for FY2019. The scale of the Group's operation, in particular the money lending and the forest-related businesses, have expanded significantly during FY2019. Looking forward, the management will continue to actively exploring organic growth and vertical expansion business opportunities to further expand the scale of operation of the Group.

One of the Group's major business developments recently is the commencement of a logging and sales of timber project in Suriname, South America. The Group has entered into a cooperation agreement with the owner of a forest asset covering an area of over 28,000 hectares with zone number 716 in Suriname (the "716 Suriname Forest") for a period of eight years. Under the agreement, the Group is primarily responsible for providing working capital, deploying human resources and equipment for logging activities, and arranging the logistics and selling of cut timber, whereas the forest asset owner is primarily responsible for the provision of logging license rights and assistance in exporting timber. The Group shares the net profit derived from the sales of timber under an agreed proportion with the forest asset owner. The Group has commenced logging activities in the forest area in January 2019 and most of the cut timber logs are commonly known as hard woods suitable for exterior paneling, household furniture and flooring. Sale contracts have been signed for two shipments of cut timber to be delivered in June 2019. As woods exporting from Suriname are well received by buyers in India and Vietnam in addition to those from the Mainland China, and profit margin derived from sale of timber from own logging activities is much higher than ordinary timber trading activities, the management is optimistic about the prospects of this project. The revenue and profit of this project will be incorporated in the Group's results in FY2020.

To further expand the Group's interest in forestry projects in Suriname, the Group has also entered into cooperation agreement with the parent company and associates of the owner of the 716 Suriname Forest for another forestry project in Suriname, the project covers a site area of approximately 40,000 hectares and is estimated to have timber resources of approximately 17,200,000 m^3. The site is planned for clear cutting and subsequently for the setting up of an agricultural plantation to be run by the owner (the "Clear Cut Forest"). The project is in advanced planning stage and is under similar commercial terms as the 716 Suriname Forest project in terms of the Group's contribution and profit sharing.

On the pipeline, in addition to the 716 Suriname Forest project and the Clear Cut Forest project abovementioned, there are another two forestry projects in Suriname under negotiation with a total site area of approximately 180,000 hectares. The Group plans to finalise commercial terms of these two new projects when the operation of the 716 Suriname Forest project and the Clear Cut Forest project are on track.

Overall speaking, in light of the significant business progress of the Group's money lending business and forest-related business in FY2019 and the commencement of the 716 Suriname Forest project which is expected to contribute positively to the Group's results, the management is optimistic about the Group's results in FY2020, and there will be continuous growth of the Group's scale of operation, level of assets, revenue and profit for FY2020 as compared to FY2019.


Timber logged from the 716 Suriname Forest

Chairlady's Statement

APPRECIATION

The Group has achieved very encouraging results for FY2019 in terms of revenue and profit growth. I would like to take this opportunity to thank all our Shareholders, bankers, business associates, suppliers and customers for their continuing support to the Group, and to my fellow directors and all staff members for their contributions and hard work during the past year.

Wang Jingyu
Chairlady

Hong Kong, 6 June 2019

BUSINESS REVIEW

For the year ended 31 March 2019 ("FY2019"), the Group continued to principally engage in the four business segments, namely, money lending business, forest-related business including sustainable forest management and sales of timber and wooden products, and leasing of properties.

For FY2019, the Group achieved very encouraging results by generating a revenue of HK$589,114,000, substantially increased by 21.7 times over last year (2018: HK$25,920,000), and reporting a profit attributable to owners of the Company of HK$26,372,000, increased by 21% over last year (2018: HK$21,865,000). The increases in the Group's revenue and profit were mainly attributed to (i) the continuous expansion of the loan and finance lease portfolio of the money lending business and (ii) the tremendous growth in trade volume of the sales of timber and wooden products business.

Money Lending

For FY2019, the Group's money lending business achieved remarkable growth by generating a revenue of HK$22,319,000 (2018: HK$5,821,000) and profit of HK$18,958,000 (2018: HK$5,123,000), increased by 2.8 times and 2.7 times respectively over their comparables in the prior year. The substantial increases in revenue and profit of the business were mainly due to the continuous expansion of its loan and finance lease portfolio which in turn resulted from the concerted efforts of the management in promoting the business. During FY2019, the Group granted new loans and finance leases in an aggregate principal amount of HK$249,419,000 at interest rates ranging from 8.75% to 18% per annum, and tenors from 18 to 36 months. At 31 March 2019, the Group's portfolio was constituted by 39 loans and finance leases totalling HK$306,053,000 (2018: HK$105,468,000) (net of the impairment loss on loan receivables of HK$655,000 (2018: nil)) with details as follows:

Type of loans/finance lease	Approximate weighting to the carrying amount of the Group's loan and finance lease portfolio	Interest rate per annum	Maturity	Remarks
First mortgage loans	75%	8.75%-14%	Within three years	Loans were secured by properties located in Hong Kong
Second mortgage loans	6%	13.5%-18%	Within two years	Loans were secured by properties located in Hong Kong
Corporate loans	15%	9%-12.5%	Within one year	Loans were granted to listed companies in Hong Kong
Finance lease	4%	8.75%-11%	Within three years	The finance leases were secured by motor vehicles
Total	**100%**			

Management Discussion and Analysis

The Group's loan and finance lease portfolio was well spread with an average loan size of around HK$7.9 million, credit healthy as 85% of the portfolio was secured by collaterals, and earning a good return with weighted average interest rate amounting to approximately 11%.

Before granting loans to potential borrowers, the Group uses credit assessment process to assess the potential borrowers' credit quality and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

Risk management is an integral part of the success of the money lending business. There are clear credit policies, guidelines, controls and procedures in place which cover every aspect of the operation from information verification, credit assessment, loan approval, monitoring to collection. The operation has clear authorisation and approval hierarchy and is led and managed by very experienced personnel. The management team is able to deliver expedite credit approval process to customers without compromising commercial benefits of lending decisions made.

The following flowchart depicts the typical operational procedures in processing a loan application

Verification → Assessment → Approval → Monitoring → Collection

Verification: documents and information provided by the loan applicant will be verified by the delegated loan officer and where appropriate, legal and credit search on the loan applicant will be conducted.

Assessment: credit assessment on the loan applicant will be performed by the delegated loan officer and reviewed by the supervising officer, by making reference to the financial background and credit history of the applicant, and value of collateral provided (if any), and where appropriate, the credit assessment on the applicant will be further reviewed by the responsible director.

Approval: if the loan application is approved, the delegated loan officer will arrange preparation and signing of the loan documentations and the supervising officer will ensure their proper executions, including drawdown of the loan proceeds by the applicant.

Monitoring: there will be continuous monitoring on loan repayments from individual borrower by the loan officer and regular review if there are material changes of the borrower's repayment ability by the supervising officer, where appropriate, impairment allowance on individual loan will be made if there is deterioration of credit quality of the loan with approval from the responsible director.

Collection: will make calls and send reminders to individual borrower for overdue loan repayment and where there is default of loan repayment, will take appropriate enforcement action, including legal action, to recover the loan.

There was no default in repayments from borrowers during the current year and impairment loss of HK$655,000 recognised against the loan receivables was in fact a general provision made in accordance with the expected credit losses assessment under a newly introduced accounting standard. The allowance for impairment losses were made on both individual assessment and collective assessment basis.

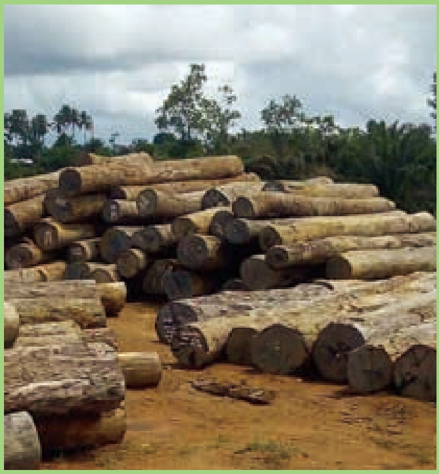
It is the Group's plan to further expand its money lending business through focusing on developing the mortgage loan market covering residential and commercial properties, with tenors of over two to three years, aiming to establish a stable favourable income stream to the Group. The management is confident that this business will continue to perform well and there will be satisfactory progress in revenue and profit of this business in the financial year ending 31 March 2020 ("FY2020").

Forest-related Business

Sales of timber and wooden products

During FY2019, the Group's sales of timber and wooden products business registered tremendous growth in revenue and profit reaching HK$562,777,000 (2018: HK$16,196,000) and HK$12,134,000 (2018: HK$351,000) respectively, representing increases of 33.7 times and 33.6 times over their comparables in last year. The business is led by an experienced management team with extensive business network in the industry, with their good efforts, a large supplier and customer base has been built up during the year which led to the significant increase in trade volume of the business. For FY2019, approximately 265,000 m^3 of hard wood logs and sawn wood products were traded on FOB (Free on Board) and CFR (Cost & Freight) basis with logistics support provided by the Group. The Group is now sourcing timber logs and wooden products from Papua New Guinea, Cameroon, Congo, Guinea Equatorial, Liberia, Malaysia, Indonesia, Suriname, Myanmar and the United States and mainly supply to customers in Mainland China.

The management has built up a high volume trading business which brings a satisfactory financial return to the Group, through effectively utilising the trade credit facilities from bank, although the profit margin of individual trade transaction is not high. The management is confident that this business will continue to perform well, for FY2020, the Group has secured sale orders of timber logs from major customers in the range of HK$298.3 million to HK$354.6 million.



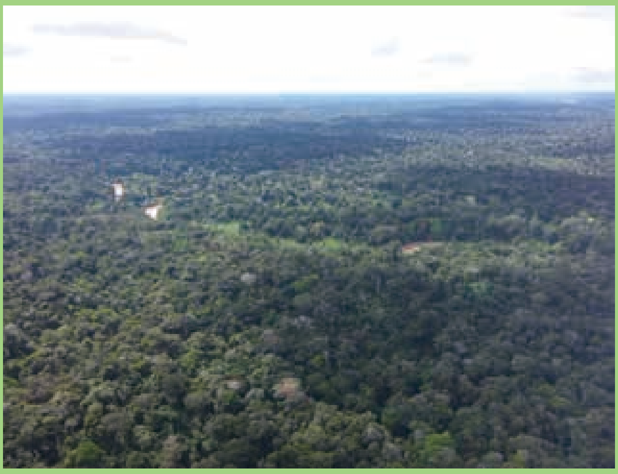
Some of the timber logs and processed wooden products traded by the Group

Management Discussion and Analysis

Sustainable forest management

Since the Group suspended its harvesting operations in the State of Acre, Brazil owing to the unfavourable business environment in 2012, the Group had continued to explore the optimal way to enhance the income stream from its forest assets. However, due to the unstable economic environment in Brazil and in view of the possibility of facing similar extortion threats from local parties in Brazil as the Group had experienced in previous years, operating the forest assets through own harvesting was considered to be unfavourable to the Group. As a result, the Board decided to change the operational model of the Group's forest assets to licensing of harvesting rights in June 2014 and since then, the Group has been actively looking for potential tenants for its forest assets. During the year, the Group has accumulatively granted licenses for over 60% of the 44,500 hectares forest areas owned by the Group.

During FY2019, the revenue of the sustainable forest management business, representing income from licensing of harvesting rights, was HK$3,244,000 (2018: HK$3,153,000), and profit achieved was HK$2,634,000 (2018: HK$387,000), increased by 3% and 5.8 times respectively when compared with the prior year. Such increases were mainly due to new licenses granted for additional forest areas during the year (the effect of which was partly offset by the depreciation in Brazilian Reais) and the one-off reversal of over-provision for the claim of a litigation case involving a former employee of HK$1,611,000. The Group will continue to solicit more tenants including sawmill owners so as to enhance the income stream of this business.



The Group's forest assets in the State of Acre, Brazil

Leasing of Properties

During FY2019, the leasing of properties business continued to contribute a stable rental revenue of HK$774,000 (2018: HK$750,000) and a profit of HK$2,774,000 (2018: HK$2,761,000) to the Group, which comprised a total increase in fair value of investment properties of HK$2,660,000 (2018: HK$2,577,000). During the year, the rent of the properties rose by 20% to 32% when new tenancies were entered, primarily owing to strong demand in the residential leasing market. Taking the opportunity of realising the cumulative gains embedded in these investment properties, the Group entered into agreements with independent third parties during FY2019 to dispose of all of the investment properties at an aggregate consideration of HK$34,260,000, of which the sale of one of the properties was completed during the year and the remaining two will be completed in FY2020. The investment properties pending for sale completion are reclassified as assets classified as held-for-sale at year end. At 31 March 2019, the Group's held-for-sale investment properties were valued at HK$23,380,000.

The principal reasons of these disposals are to fully realise the cumulative gains embedded in these properties and to allow the Group to reallocate its financial resources to other higher yield businesses, including the money lending business and the forestry projects in Suriname. The investment properties were originally acquired at a total cost of approximately HK$23,700,000, an aggregate gain of HK$10,560,000 would be realised upon completion of all the disposals.

Overall Results

The Group has achieved very encouraging results for FY2019 by reporting a profit attributable to owners of the Company of HK$26,372,000 (2018: HK$21,865,000), and corresponding basic earnings per share of HK0.29 cent (2018: HK0.25 cent), and total comprehensive income attributable to owners of the Company of HK$26,637,000 (2018: HK$21,802,000).

Notwithstanding the absence of the gain on written-back of financial liabilities relating to warrants issued by the Company of HK$22,522,000 recorded last year, the significant improvement of the Group's results in FY2019 was mainly attributed to the profitable results of all four business segments of the Group totalling HK$36,500,000, which increased by HK$27,878,000 or 3.2 times over the prior year (2018: HK$8,622,000). The profitable business results were nevertheless partly offset by the increase of administrative expenses of HK$5,555,000 to HK$18,385,000 (2018: HK$12,830,000), which mainly related to the professional fees incurred to demonstrate the Group's compliance with the sufficient operations and assets requirement under Rule 13.24 of the Listing Rules.

FINANCIAL REVIEW

In order to cope with the Group's expanding scale of operation and continual business development, on 26 March 2018, Champion Alliance Enterprises Limited ("Champion Alliance"), a substantial shareholder of the Company, granted to the Company a loan facility for an aggregate principal amount of HK$200,000,000 (the "Loan Facility") to meet its working capital requirements. The Loan Facility is unsecured and interest-free and has been mainly applied to the Group's money lending and forest-related businesses to facilitate their significant business developments. Furthermore, for financing the timber and wooden products trading operation, the Group currently has a general trade facility and a back-to-back facility for issuance of letters of credit of up to HK$75,000,000 and HK$100,000,000 respectively (the "Trade Facility") from a well established bank in Hong Kong. The bank facilities obtained have substantially strengthened the Group's financial flexibility in conducting its timber trading business.

Liquidity and Financial Resources

For FY2019, the Group financed its operation mainly by cash generated from its operations, credit facilities provided by bank and Loan Facility from Champion Alliance and the existing shareholders' funds. At 31 March 2019, the Group had current assets of HK$238,063,000 (2018: HK$150,767,000) and cash and cash equivalents of HK$25,433,000 (2018: HK$24,436,000). The Group's current ratio, calculated based on current assets over current liabilities of HK$303,774,000 (2018: HK$22,651,000), was at a ratio of about 0.8 (2018: 6.7). The significant drop in the current ratio is mainly due to the reclassification of the loan from Champion Alliance from non-current liabilities to current liabilities (i.e. the line item of "Amounts received from a shareholder") as Champion Alliance intends to fully utilise the HK$200,000,000 advanced to the Company to subscribe for new shares under a fund raising exercise to be conducted by the Company for the purpose of enlarging its capital base, such fund raising exercise is subject to the approval of the Stock Exchange.

Management Discussion and Analysis

At 31 March 2019, the Group's borrowings comprised bank borrowings of HK$48,151,000, which represented advances for bill receivables discounted to bank with full recourse to the Company, and the bill receivables were related to receivables arising from sales of timber logs. The bank borrowings bore interests at floating rates, secured by the relevant bill receivables and were repayable within one year or on demand.

The Group's gearing ratio expressed as a percentage of total borrowings of HK$48,151,000 (2018: HK$10,848,000) (not including the loan from Champion Alliance) over equity attributable to owners of the Company of HK$164,930,000 (2018: HK$138,282,000), significantly increased to 29% at 31 March 2019 from 8% at 31 March 2018. Such increase was mainly due to the increase in bank borrowings from HK$10,848,000 at 31 March 2018 to HK$48,151,000 at 31 March 2019 to cope with the expanded scale of the timber trading business.

At 31 March 2019, the Group's total assets increased by 147% to HK$470,977,000 (2018: HK$190,461,000). Backed by the Trade Facility from bank and the Loan Facility from Champion Alliance, the management is confident that the Group has sufficient working capital to cope with its significant business development and enlarged asset base.

At 31 March 2019, the equity attributable to owners of the Company increased by 19% or HK$26,648,000 to HK$164,930,000 compared to HK$138,282,000 at 31 March 2018. The increase was mainly due to the profit earned by the Group's money lending business and forest-related business.

With the amount of liquid assets on hand, the Trade Facility from bank as well as the Loan Facility from Champion Alliance, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirement.

Charge on Assets

At 31 March 2019, bill receivables of HK$48,151,000 were pledged to a bank to secure advances drawn on the bill receivables (2018: investment properties with carrying value of HK$31,600,000 were pledged to secure mortgage loans from banks).

Contingent Liabilities

At 31 March 2019, except for the litigation as set out in note 39 to the consolidated financial statements, the Group had no other significant contingent liability (2018: nil).

Litigation

At 31 March 2019, there was a claim of approximately HK$2,583,000 (approximately R$1,291,000) against the Group which had been included in other payables, details of the ongoing litigation are set out in note 39 to the consolidated financial statements.

Foreign Exchange Risk

The Group mainly operates in Brazil and Hong Kong. During FY2019, the revenue, costs and expenses of the Group's operations were denominated mainly in Hong Kong dollars, Brazilian Reais, Euro dollars, United States dollars and Renminbi. The Group maintains a prudent strategy in its foreign currency risk management, where possible, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. The Group is not subject to foreign exchange risk of United States dollars as it is pegged with Hong Kong dollars, the Group is nevertheless exposed to potential foreign exchange risk as a result of fluctuations of Brazilian Reais, Euro dollars and Renminbi.

In addition, some of the Group's assets are located in Brazil and denominated in Brazilian Reais while the Group's reporting currency is in Hong Kong dollars, this also exposes the Group to potential foreign exchange risk upon translation of these assets on each reporting date.

During the year under review, the Group had not experienced any significant exposure to exchange rate fluctuations of Euro dollars and Renminbi in light of their relative lower weightings to the Group's total transaction volume, and assets and liabilities in various currencies. As for the Group's assets in Brazil, any foreign exchange gains or losses due to translation of the carrying value of the assets to the Group's reporting currency on reporting dates are unrealised and non-cash in nature, accordingly, the Group did not enter into any arrangements or financial instruments for the purpose of hedging against these potential foreign exchange risks. The Group will closely monitor its foreign currency exposure and undertake appropriate hedging measures should significant exposure arise.

QUALIFIED OPINION ON THE FINANCIAL STATEMENTS OF THE GROUP

The Board would like to draw your attention that the Company's auditor, Crowe (HK) CPA Limited, issued a qualified opinion on the Group's consolidated financial statements for the year ended 31 March 2019. An extract of the independent auditor's report as stated in page 48 of this annual report is as follows:

"QUALIFIED OPINION

In our opinion, except for the possible effect of the matters described in the basis for qualified opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 March 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Management Discussion and Analysis

BASIS FOR QUALIFIED OPINION

Our audit opinion dated 28 June 2017 on the Group's financial statements for the year ended 31 March 2017 was disclaimed, as we were unable to obtain sufficient information and appropriate audit evidence or perform alternative audit procedures for us to ascertain the feasibility of the Group's future business plan based on which valuations for the intangible assets of HK$9,841,000, the interest in subsidiaries of HK$133,088,000 at 31 March 2017, and whether the deferred tax liabilities of HK$30,493,000, impairment of intangible assets of HK$89,674,000, and impairment of amounts due from subsidiaries of HK$15,805,000 recognised in the Group and Company level profit or loss for the year ended 31 March 2017 were free from misstatement.

Any adjustments that might have been found to be necessary in respect of the above matters would have a significant effect on the net assets of the Group and the Company at 1 April 2017, and the Group's loss and cash flows for the year then ended and the related disclosures in the consolidated financial statements. Our audit opinion on the consolidated financial statements for the year ended 31 March 2018 was modified accordingly. Our opinion on the current year's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures."

As the qualified opinion on the Group's consolidated financial statements for the year ended 31 March 2019 is related to the comparability of the current year's figures and the corresponding figures of the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows, which is a consequential effect resulting from the disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 March 2017, the Board understands, after discussion with the auditor, there will be no consequential effect on the Group's consolidated financial statements for the year ending 31 March 2020 in relation to the same matter.

The Audit Committee of the Company has critically reviewed the major judgemental areas relating to the qualified opinion on the Group's audited consolidated financial statements for the year ended 31 March 2019 and there is no disagreement between the Audit Committee and the management of the Company.

HUMAN RESOURCES AND REMUNERATION POLICY

At 31 March 2019, the Group had 24 employees (including directors) (2018: 21) located in Hong Kong and Brazil. The total remuneration paid by the Group to its employees (including directors) for the year was HK$5,251,000 (2018: HK$4,011,000). The Group rewards its employees (including directors) according to prevailing market practices, individual competence, experience and performance, and requirements under applicable labor laws in various locations of the Group's operations. In addition to the provision of paid holidays, annual bonus, provident fund scheme, medical insurance and subsidised training programmes, employees (including directors) may also be entitled to discretionary bonuses and share options.

PRINCIPAL RISK AND UNCERTAINTIES

The Group is principally engaged in money lending business, forest-related business including sustainable forest management and sales of timber and wooden products, and leasing of properties. The financial position, operations, businesses and prospects of the Group and its individual business segment are affected by the following significant risk and uncertainty factors:

Business Risk

The global economic conditions and the state of international financial and investment markets, including the economy, financial and investment markets of Hong Kong, Mainland China, Suriname and Brazil, of which the Group has no control, have significant influences on the business and financial performance of the Group. The management policy to mitigate this risk is to diversify the Group's business and to diversify its investments (where possible) within the same business.

Market Risk

The Group's money lending business and the sales of timber and wooden products operation are operating in a competitive environment that put pressure on the revenue and profitability of these businesses. The management policy to mitigate this risk is to continue to put effort in enlarging the market share and enhancing the market competitiveness of these businesses by various means.

Natural Risk

The ability to harvest wood and the growth of trees in forests may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as floods, droughts, cyclones and windstorms and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of trees available for harvesting, or otherwise impede the logging operations or the growth of trees in forests, which in turn may have an adverse effect on the Group's forest-related business.

Financial Risk

The Group is exposed to financial risks relating to credit risk, liquidity risk, foreign currency risk and interest rate risk in its ordinary course of business. For further details of such risks and relevant management policies, please refer to note 35 to the consolidated financial statements.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2019, there were no significant dispute between the Group and its employees, customers and suppliers.

Management Discussion and Analysis

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group encourages environmental protection and adopts measures to promote environmental awareness of its employees. The Group implements green office practices by encouraging employees to make use of e-statements or scanning copies, double-sided printing and copying and setting up of recycle boxes for reducing and disposing of waste. The Group also reduces green-house gas emissions by switching off idle lightings and other office equipment after normal working hours. When developing the Group's business, in particular the sustainable forest management business, the Group strictly complies with local laws, rules and regulations in relation to environmental protection. The Group regularly review its environmental practices for further improvements. Further details on the Group's environmental policies and performance are set out in the Environmental, Social and Governance Report on pages 37 to 47 of this annual report.

LISTING STATUS

References are made to the announcements of the Company dated 9 February 2018, 21 February 2018, 5 July 2018, 13 July 2018, 21 September 2018, 9 October 2018 and 12 October 2018 in relation to, among others, the Stock Exchange's decision to place the Company into the first delisting stage.

On 9 October 2018, the Company received a decision letter from the Listing (Review) Committee (the "Decision Letter") which upheld the decision of the Listing Committee and concluded that having assessed the Company's case under Rule 13.24 of the Listing Rules as set out in the Decision Letter, the Company has failed to maintain a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares. As a result, trading in the shares of the Company has been suspended commencing from 9:00 a.m. on 10 October 2018.

Pursuant to a further letter from the Stock Exchange dated 11 October 2018, the Company has been placed in the first delisting stage under Practice Note 17 of the Listing Rules which expired on 9 April 2019. The Company was required to submit a viable resumption proposal at least 10 business days (i.e. 25 March 2019) before the expiry of the first delisting stage to address the followings:

(i) demonstrate its compliance with Rule 13.24 of the Listing Rules; and

(ii) announce all material information for its shareholders and investors to appraise its position.

The Stock Exchange may modify or supplement the above resumption conditions if the Company's situation changes.

On 9 April 2019, the Company submitted a resumption proposal (the "Resumption Proposal") to the Stock Exchange to apply for the resumption of trading of the Company's shares. The Resumption Proposal contained the Group's financial results for FY2019, business plan and other information which demonstrated that the Group has sufficient operations and assets to warrant the continued listing of the Company. On 25 April 2019 and 12 June 2019, the Company received comments on the Resumption Proposal from the Stock Exchange. On 22 and 28 May 2019 and 28 June 2019, the Company submitted its replies to address the Stock Exchange's comments. Further announcements will be made by the Company in respect of this matter as and when appropriate.

Biographical Details of Directors and Senior Management

The biographical details of Directors and senior management at 6 June 2019, the date of this annual report, are set out below:

EXECUTIVE DIRECTORS

Ms. Wang Jingyu, *Chairlady*

Aged 39, joined the Company as an Executive Director in October 2017 and was appointed as the Chairlady of the Board in March 2018. Ms. Wang is also the Chairlady of the Executive Committee and a director of various subsidiaries of the Company. Ms. Wang holds a Bachelor's degree in Economics specialised in international finance from the Southwestern University of Finance and Economics in the People's Republic of China (the "PRC"). She has extensive experience in corporate management and investments. Ms. Wang is deemed to be a substantial shareholder of the Company through her interests in Champion Alliance Enterprises Limited, a substantial shareholder of the Company, as disclosed in the section headed "Interests and Short Positions of Shareholders Discloseable under the SFO" in the Report of the Directors.

Mr. Lai Ming Wai, *Chief Executive Officer*

Aged 60, joined the Company as an Executive Director and the Chief Executive Officer in March 2018. Mr. Lai is also a member of the Executive Committee and a director of various subsidiaries of the Company. Mr. Lai holds a Bachelor of Social Sciences degree from The University of Hong Kong. Mr. Lai was a senior executive of Bank of America and was primarily responsible for developing and managing the business of the bank in the southern region of the PRC. He has extensive experience in the banking and finance industry.

Ms. Chan Yuk Yee, *Company Secretary*

Aged 51, joined the Group as a consultant in October 2017 and was appointed as an Executive Director and the Company Secretary of the Company in November 2017 and February 2019 respectively. Ms. Chan is also a member of the Executive Committee and a director of various subsidiaries of the Company. Ms. Chan holds a Master of Business Law degree from Monash University in Australia and is an associate and Chartered Governance Professional of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She has extensive experience in corporate administration and company secretarial practice.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yam Kwong Chun

Aged 54, joined the Company as an Independent Non-executive Director in December 2017 and is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Yam holds a Bachelor of Commerce degree and a Master of Business Administration degree, both from University of Melbourne in Australia. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a certified practising accountant of the CPA Australia. Mr. Yam had worked for Deloitte Touche Tohmatsu, an international accounting firm and as finance executive for a number of group of companies operating in Hong Kong, the PRC, the United States of America and other overseas countries. He is currently the finance director of a multinational company engaged in the business of ODM/OEM design, manufacturing and retail distribution of telecommunication products. Mr. Yam is also an independent non-executive director of PT International Development Corporation Limited (stock code: 372), a company listed on the Main Board of the Stock Exchange. He has extensive experience in auditing, accounting and financial management.

Mr. Chiang Bun

Aged 49, joined the Company as an Independent Non-executive Director in December 2017 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Chiang holds a Bachelor of Social Sciences degree from The University of Hong Kong and a LL.B. from Peking University. Mr. Chiang is a CFA charter holder. Mr. Chiang has held senior roles in various international banks and financial institutions, primarily responsible for structured debt and/or equity financing. He has extensive experience in the banking and finance industry.

Mr. Chai Chi Keung

Aged 56, joined the Company as an Independent Non-executive Director in January 2018 and is the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. Mr. Chai holds a Master of Business degree from the Victoria University of Technology in Australia. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, certified practising accountant of the CPA Australia, an associate of The Chartered Institute of Management Accountants in the United Kingdom, an associate and a certified tax adviser of The Taxation Institute of Hong Kong and an ordinary member of the Hong Kong Securities and Investment Institute. Mr. Chai has extensive experience in auditing, taxation, accounting and corporate finance.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Ms. Chan Kwan Lin, *Chief Operating Officer*

Aged 51, joined the Group as the Chief Operating Officer in May 2019. Ms. Chan is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Group, she held senior positions in several companies listed on the Stock Exchange and the Nasdaq/OTC stock market, and in a financial investment group comprising banks, insurance and securities investment companies for more than 15 years. Ms. Chan has extensive experience in accounting, finance control, corporate compliance and internal audit. She also has around 10 years of experience in auditing gained from working for Deloitte Touche Tohmatsu, an international accounting firm.

Mr. Hii Soon Teck, *Director of Procurement and Marketing*

Aged 52, joined the Group as the Director of Procurement and Marketing of its forest-related business in May 2019. Mr. Hii has over 27 years of experience in timber business and had worked in the Nissho Iwai Corporation ("Nissho") (which subsequently merged with Nichimen and changed its name to Sojitz Corporation in 2004) for 9 years. Sojitz Corporation is a conglomerate listed on the Tokyo Stock Exchange engaging in a diverse and globally dispersed range of businesses, including automotive, energy and social infrastructures, food and agriculture, chemicals, industrial infrastructure and urban development. Mr. Hii was in charge of the sourcing and exporting of timber logs, plywood and veneer to Japan, Korea and China during his tenure with Nissho. Thereafter, Mr. Hii had worked as a commission-based trader who solicited customers for major logging companies that have forest assets in South East Asia, Africa and South America. He has rich knowledge in worldwide logging and usage of timber logs and has extensive network in the timber trading market in Vietnam, India and China.

Mr. Fabio Levi Vidigal, *Finance Director and Co-head of Field Operations*

Aged 37, joined the Group in March 2011. He is the finance director of the Group's operation in Brazil. Since March 2012, Mr. Vidigal has been serving as the legal representative of the Group's subsidiary in Brazil and since late 2018, as Co-head of Group's field operations in Brazil. He manages the day-to-day activities of the Group's Brazil's field operations and business development. Mr. Vidigal graduated with an international trade diploma and holds a MBA in Tax Law from Fundação Getulio Vargas and is also a chartered accountant affiliated to the CRC São Paulo Chapter. He has experience in working for multinational companies, and previously held a managerial role at Lufthansa tax department in Brazil.

Mr. Bruno Di Giulio, *Head of Brazil, Co-head of Field Operations, General Counsel*

Aged 42, first worked for the Group as Legal Counsel (Brazil affairs) in 2010 and rejoined the Group in September 2014 as the Group's Head of Brazil and General Counsel. Since October 2018, Mr. Di Giulio has been appointed as the Co-head of the Group's field operations in Brazil and is primarily responsible for its new business development. Mr. Di Giulio is a Brazilian qualified lawyer with more than 15 years of experience in corporate and litigation matters. He has more than 10 years of experience in the forestry sector and in investments in Asia-Brazil market. Prior to rejoining the Group, Mr. Di Giulio headed the Brazil Desk at a leading law firm in Hong Kong.

Report of the Directors

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are investment holding and provision of management services. The principal activities of its principal subsidiaries are set out in note 42 to the consolidated financial statements.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and an indication of likely future developments in the Group's business, can be found in the "Chairlady's Statement" and "Management Discussion and Analysis" sections set out on pages 4 to 16 of this annual report. This discussion forms part of this directors' report. In addition, discussions on the Group's environmental policies and performances are contained in the Environmental, Social and Governance Report on pages 37 to 47 of this annual report.

RESULTS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 53.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 144. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment, intangible assets and investment properties of the Group during the year are set out in notes 15, 16 and 17 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 28 and 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the applicable laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

During the year, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except that 540,000 ordinary shares of the Company, being shares returned to the Group, were disposed of by a subsidiary of the Company. Pursuant to the settlement of an acquisition agreement in relation to a group of companies during the year ended 31 March 2013, resulted from the failure of the vendor in meeting the net profit guarantee, 46,666,666 ordinary shares of the Company (after share consolidation and capital reorganisation in previous years) (the "Returned Ordinary Shares") were returned to the Group awaiting disposal with proceeds to be returned to the Group. During the year, 540,000 Returned Ordinary Shares were disposed of at a consideration of approximately HK$10,000 on the Stock Exchange.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 41 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2019, share premium of HK$67,546,000 which forms part of the Company's reserves is distributable in the form of fully paid bonus shares. The Company had no other reserves available for distribution as computed in accordance with the Companies Act 1981 of Bermuda (2018: nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, revenue from the Group's five largest customers accounted for approximately 75% of the total revenue for the year and revenue from the largest customer accounted for approximately 37%. Purchases from the Group's five largest suppliers accounted for 94% of the total purchases for the year and purchases from the largest supplier accounted for 48%.

None of the directors or any of their associates or any shareholders (which, to the best knowledge of the directors of the Company, own more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest customers or suppliers during the year.

DIRECTORS

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

Executive Directors:
Ms. Wang Jingyu
Mr. Lai Ming Wai
Ms. Chan Yuk Yee
Ms. Lai Yin Ling *(resigned on 24 July 2018)*

Independent Non-executive Directors:
Mr. Yam Kwong Chun
Mr. Chiang Bun
Mr. Chai Chi Keung

In accordance with Bye-law 87(2) of the Company's Bye-laws, Ms. Wang Jingyu and Mr. Lai Ming Wai will retire by rotation at the forthcoming annual general meeting of the Company (the "2019 AGM") and, being eligible, offer themselves for re-election in the 2019 AGM.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, subject to the statutes, the directors for the time being of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts or otherwise in relation thereto except through their own wilful negligence or default, fraud and dishonesty. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and other officers of the Company.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the 2019 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the directors' remuneration are set out in note 10 to the consolidated financial statements.

UPDATES ON DIRECTORS' INFORMATION

The following is updated information of directors of the Company required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules:

1. Mr. Lai Ming Wai resigned as an independent non-executive director of Winshine Science Company Limited (stock code: 209), a company listed on the Main Board of the Stock Exchange with effect from 11 April 2019.

2. Ms. Chan Yuk Yee resigned as an executive director and the company secretary of Birmingham Sports Holdings Limited (stock code: 2309), a company listed on the Main Board of the Stock Exchange with effect from 3 May 2019.

3. Each of Mr. Lai Ming Wai and Ms. Chan Yuk Yee has entered into an employment contract with a subsidiary of the Company with a term of service of 3 years and the term of service shall continue unless and until terminated by either party by 6 months' prior notice in writing.

4. The remuneration of Ms. Wang Jingyu has been adjusted to HK$260,000 per annum. The remuneration of Ms. Wang Jingyu has been approved by the Remuneration Committee.

5. The remuneration of Mr. Lai Ming Wai has been adjusted to HK$1,040,000 per annum. The remuneration of Mr. Lai Ming Wai has been approved by the Remuneration Committee.

6. The remuneration of Ms. Chan Yuk Yee has been adjusted to HK$1,040,000 per annum. The remuneration of Ms. Chan Yuk Yee has been approved by the Remuneration Committee.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the material related party disclosures disclosed in note 40 to the consolidated financial statements, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or an entity connected with a director has or had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Report of the Directors

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

At 31 March 2019, the interests and short positions of the directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

Long position in the Shares:

Name of Director	Capacity and nature of interest	Number of Shares held	Approximate percentage of the Company's issued Shares
Wang Jingyu ("Ms. Wang")	Interests of controlled corporation	2,444,359,944 *(Note 2)*	26.84%

Notes:

1. The approximate percentage of the Company's issued Shares was calculated on the basis of 9,105,709,503 Shares in issue at 31 March 2019.

2. These interests were held by Champion Alliance Enterprises Limited ("Champion Alliance"), which was a wholly owned subsidiary of Elite Prosperous Enterprises Limited ("Elite Prosperous") which in turn was wholly owned by Ms. Wang. Ms. Wang was also the sole director of Champion Alliance and Elite Prosperous. Accordingly, Ms. Wang was deemed to be interested in the 2,444,359,944 Shares under the SFO.

Save as disclosed above, at 31 March 2019, none of the directors or chief executive of the Company had registered an interest or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and in the "Share Option Scheme" disclosure below, 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, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 29 to the consolidated financial statements.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 31 March 2019, the following interests of more than 5% of the issued Shares were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO.

Long positions in the Shares:

Name of Shareholders	Capacity and nature of interest	Number of Shares held	Approximate percentage of the Company issued Shares
Ms. Wang	Interests of controlled corporation	2,444,359,944 *(Note 2)*	26.84%
Elite Prosperous	Interest of controlled corporation	2,444,359,944 *(Note 2)*	26.84%
Champion Alliance	Beneficial owner	2,444,359,944 *(Note 2)*	26.84%
Loh Jiah Yee, Katherine (“Ms. Loh”)	Interest of controlled corporation	1,294,849,338 *(Note 3)*	14.22%
Lau Jack (“Mr. Lau”)	Interest of spouse	1,294,849,338 *(Note 4)*	14.22%
Assure Gain International Limited (“Assure Gain”)	Beneficial owner	822,176,547 *(Note 5)*	
	Interest of controlled corporation	434,094,363 *(Note 5)*	13.80%

Notes:

1. The approximate percentage of the Company's issued Shares was calculated on the basis of 9,105,709,503 Shares in issue at 31 March 2019.

2. These interests were held by Champion Alliance which was a wholly owned subsidiary of Elite Prosperous which in turn was wholly owned by Ms. Wang. Ms. Wang was also the sole director of Champion Alliance and Elite Prosperous. Accordingly, Ms. Wang and Elite Prosperous were deemed to be interested in the 2,444,359,944 Shares under the SFO.

3. Ms. Loh was beneficially interested in 100% of the issued share capital of Assure Gain, which held 100% of the issued share capital of Winner Global Holdings Limited ("Winner Global") and Splendid Asset Holdings Limited ("Splendid Asset") respectively. Ms. Loh was also beneficially interested in 50% of the issued share capital of Corp Insights Holdings Inc. ("Corp Insights") held through Corporate Insights Limited. Assure Gain was the registered holder of 822,176,547 Shares, Winner Global was the registered holder of 213,360,741 Shares, Splendid Asset was the registered holder of 220,733,622 Shares and Corp Insights was the registered holder of 38,578,428 Shares. Accordingly, Ms. Loh was deemed to be interested in the 1,294,849,338 Shares under the SFO.

4. Mr. Lau, being the spouse of Ms. Loh, was deemed to have an interest in the same parcel of the Shares in which Ms. Loh was interested under the SFO.

5. Assure Gain held 100% of the issued share capital of Winner Global and Splendid Asset respectively. Assure Gain was the registered holder of 822,176,547 Shares, Winner Global was the registered holder of 213,360,741 Shares and Splendid Asset was the registered holder of 220,733,622 Shares. Accordingly, Assure Gain was deemed to be interested in the 434,094,363 Shares held by Winner Global and Splendid Asset under the SFO.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the Shares and underlying Shares at 31 March 2019 as required pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

The material related party transactions disclosed in note 40 to the consolidated financial statements fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules but are exempted from reporting, annual review, announcement or independent shareholders' approval requirements.

REMUNERATION POLICY

The Group remunerates its employees based on their competence, experience, performance and prevailing market terms. Other employee benefits included paid holidays, annual bonus, provident fund scheme, medical insurance, subsidised training programmes, discretionary bonuses as well as share options.

EQUITY-LINKED AGREEMENTS

Save for the outstanding convertible preferred shares and the share option scheme of the Company disclosed in notes 28 and 29 to the consolidated financial statements and ordinary share warrants and convertible preferred share warrants which expired on 6 May 2018, no equity-linked agreements were entered into by the Group, or existed during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of any business of the Company was entered into or existed during the year.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 March 2019 have been reviewed by the Audit Committee and duly approved by the Board under the recommendation of the Audit Committee.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2019 have been audited by Crowe (HK) CPA Limited.

A resolution will be proposed at the 2019 AGM to re-appoint Crowe (HK) CPA Limited as auditor of the Company.

On behalf of the Board

Wang Jingyu
Chairlady

Hong Kong, 6 June 2019

Corporate Governance Report

The Company has recognised the importance of transparency and accountability, and believes that shareholders can benefit from good corporate governance. The Company aims to achieve good standard of corporate governance.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2019.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2019.

BOARD OF DIRECTORS

The Board formulates overall strategy of the Group, monitors its financial performance and maintains effective oversight over the management. The Board members are fully committed to their roles and have acted in good faith to maximise the shareholders' value in the long run, and have aligned the Group's goal and directions with the prevailing economic and market conditions. The Board has delegated the Executive Committee with authority and responsibility for handling the management functions and operations of the day-to-day business of the Group, while reserving certain key matters for the approval by the Board.

The Board met regularly throughout the year to discuss the overall strategy as well as the operation and financial performance of the Group. The directors are kept informed on timely basis of major changes that may affect the Group's business, including relevant rules and regulations. The directors can, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the directors to assist the relevant directors to discharge their duties.

At 6 June 2019, the date of this annual report, the Board comprises six directors, three of which are Executive Directors, namely Ms. Wang Jingyu (Chairlady), Mr. Lai Ming Wai (Chief Executive Officer (the "CEO")), Ms. Chan Yuk Yee and three are Independent Non-executive Directors, namely Mr. Yam Kwong Chun, Mr. Chiang Bun and Mr. Chai Chi Keung. The directors are considered to have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business of the Company. The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive directors are independent in accordance with the independence guidelines set out in the Listing Rules. Biographical details of the directors are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 17 to 18 of this annual report.

Save for Ms. Wang Jingyu is a substantial shareholder of the Company and also an Executive Director and the Chairlady of the Board, there is no financial, business, family or other material/relevant relationship between the substantial shareholders of the Company and the other members of the Board.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his/her first appointment in order to enable him/her to have appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the directors. Continuing briefing and professional development for directors are arranged where necessary.

The directors have participated in continuous professional development by attending seminars, in-house briefings or reading materials on the related areas to develop and refresh their knowledge and skills. During the year ended 31 March 2019, all the directors have complied with Code Provision A.6.5 of the CG Code and have provided the Company with their respective training records pursuant to the CG Code.

During the year ended 31 March 2019, four regular Board meetings and one general meeting were held and the attendance of each director is set out as follows:

	Number of attendance	
	Board Meetings	**General Meeting**
Executive Directors		
Ms. Wang Jingyu	4/4	1/1
Mr. Lai Ming Wai	4/4	1/1
Ms. Chan Yuk Yee	4/4	1/1
Ms. Lai Yin Ling *(resigned on 24 July 2018)*	1/4	0/1
Independent Non-executive Directors		
Mr. Yam Kwong Chun	4/4	1/1
Mr. Chiang Bun	4/4	1/1
Mr. Chai Chi Keung	4/4	1/1

CHAIRPERSON AND CHIEF EXECUTIVE

The Group adopts a dual leadership structure in which the role of the Chairlady is separated from that of the CEO. The Chairlady is responsible for overseeing all Board functions, while the executive directors and senior management are under the leadership of the CEO to oversee the day-to-day operations of the Group and implement the strategies and policies approved by the Board.

The position of the Chairlady of the Board is currently held by Ms. Wang Jingyu and the position of the CEO is currently held by Mr. Lai Ming Wai.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Each of the Independent Non-executive Directors is appointed for a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the Independent Non-executive Directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's Bye-laws.

BOARD COMMITTEES

Executive Committee

At 6 June 2019, the date of this annual report, the Executive Committee comprises three Executive Directors, namely Ms. Wang Jingyu, Mr. Lai Ming Wai and Ms. Chan Yuk Yee. Ms. Wang Jingyu is the Chairlady of the Executive Committee. The full terms of reference of the Executive Committee are available on the Company's website.

The Executive Committee is delegated with the power and authority from the Board to oversee the day-to-day operations of the Group and handle such other matters as delegated by the Board from time to time. The Executive Committee will meet as and when necessary to discuss the affairs of the Group.

Remuneration Committee

The Remuneration Committee has specific written terms of reference that is in compliance with the CG Code. At 6 June 2019, the date of this annual report, the Remuneration Committee comprises three Independent Non-executive Directors, namely Mr. Chiang Bun, Mr. Yam Kwong Chun and Mr. Chai Chi Keung. Mr. Chiang Bun is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for formulating the remuneration policy, reviewing and recommending to the Board the annual remuneration policy and the remuneration of the directors. The overriding objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-caliber team which is essential to the success of the Group. The full terms of reference of the Remuneration Committee are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee met one time during the year ended 31 March 2019 to review and make recommendations to the Board on the discretionary bonus for executive directors and remuneration packages for directors. The attendance of each member is set out as follows:

Members	Number of attendance
Mr. Chiang Bun	1/1
Mr. Yam Kwong Chun	1/1
Mr. Chai Chi Keung	1/1

Nomination Committee

The Nomination Committee has specific written terms of reference that is in compliance with the CG Code. At 6 June 2019, the date of this annual report, the Nomination Committee comprises three Independent Non-executive Directors, namely Mr. Chai Chi Keung, Mr. Mr. Yam Kwong Chun and Mr. Chiang Bun. Mr. Chai Chi Keung is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for identifying potential directors and making recommendations to the Board on the appointment or re-appointment of directors of the Company. Potential new directors are selected on the basis of their qualifications, skills and experience that he/she could add value to the management through his/her contributions in the relevant strategic business areas. The full terms of reference of the Nomination Committee are available on the Company's website and the Stock Exchange's website.

The Nomination Committee met one time during the year ended 31 March 2019 to review the board diversity policy of the Company (the "Board Diversity Policy"), review the independence of the independent non-executive directors, review the structure, size and composition of the Board and make recommendation to the Board on re-election of directors. The attendance of each member is set out as follows:

Members	**Number of attendance**
Mr. Chai Chi Keung	1/1
Mr. Chiang Bun	1/1
Mr. Yam Kwong Chun	1/1

Board Diversity Policy

The Company recognises the benefits of having a diverse Board to enhance the quality of its performance and adopted the Board Diversity Policy. The Board Diversity Policy sets out that in determining the optimum composition of the Board, differences in skills, regional and industry experience, background, race, gender and other qualities of directors shall be considered. All Board appointments are made on merits, in the context of skills and experience the Board as a whole requires, with due regard for the benefits of diversity on the Board, and the Nomination Committee shall review and assess the Board composition and its effectiveness on an annual basis. When there is vacancy on Board, the Nomination Committee will recommend suitable candidates for appointment to the Board on merits, based on the terms of reference of the Nomination Committee, with due regard to the Company's own circumstances.

Nomination Policy

The Board has adopted a nomination policy (the "Nomination Policy") setting out the principles which guide the Nomination Committee to identify and evaluate a candidate for nomination to (i) the Board for appointment and (ii) the Shareholders for election as a director of the Company. According to the Nomination Policy, in assessing the suitability of a proposed candidate, the Board shall take into account among other things, the following factors: (i) qualifications, professional experience, skills and knowledge relevant to the businesses of the Group; (ii) commitment in respect of available time and relevant interest; (iii) diversity perspectives as set out in the Board Diversity Policy; (iv) in case of independent non-executive directors, regulatory requirement for appointment of independent non-executive directors and the independence criteria as set out in the Listing Rules and (v) any other factors that the Board considers appropriate.

Corporate Governance Report

For filling a casual vacancy or as an addition to the existing Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. On making recommendation, the Nomination Committee may submit to the Board for consideration a proposal comprising, inter alia, the personal profile of the proposed candidate, which contains at least the candidate's information required to be disclosed under Rule 13.51 of the Listing Rules. The Board shall be vested with power to make the final decision on all matters relating to the recommendation of candidates (i) for appointment and (ii) for standing for election at a general meeting as a director of the Company.

The Nomination Committee will review the Board Diversity Policy and the Nomination Policy from time to time to ensure that the policies will be implemented effectively.

Audit Committee

The Audit Committee has specific written terms of reference that is in compliance with the CG Code. At 6 June 2019, the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Yam Kwong Chun, Mr. Chiang Bun and Mr. Chai Chi Keung, who among themselves possess a wealth of management experience in the accounting profession and in commercial fields. Mr. Yam Kwong Chun is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for reviewing financial statements of the Company, discussing the risk management and internal control of the Group and meeting with the auditor of the Company. Any findings and recommendations of the Audit Committee will be submitted to the Board for consideration.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee. It is also authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary. The full terms of reference of the Audit Committee are available on the Company's website and the Stock Exchange's website.

The Audit Committee met four times during the year ended 31 March 2019 and the attendance of each member is set out as follows:

Members	Number of attendance
Mr. Yam Kwong Chun	4/4
Mr. Chiang Bun	4/4
Mr. Chai Chi Keung	4/4

The following is a summary of work performed by the Audit Committee during the year:

1. reviewed and discussed the audited consolidated financial statements of the Company for the year ended 31 March 2018 and recommended to the Board for approval;

2. reviewed and discussed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2018 and recommended to the Board for approval;

3. reviewed and discussed with the management and the auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit;

4. reviewed report from the auditor of the Company regarding their audit on the Company's consolidated financial statements for the year ended 31 March 2018;

5. reviewed the effectiveness of the risk management and internal control systems of the Group; and

6. reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor.

Corporate Governance Function

The Board has delegated the corporate governance duties to the Audit Committee. The main corporate governance duties of the Audit Committee are (i) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board; (ii) to review and monitor the training and continuous professional development of directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to the employees and directors of the Group; and (v) to review the Company's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 31 March 2019 is set out in the "Independent Auditor's Report" on pages 48 to 52 of this annual report.

For the year ended 31 March 2019, remuneration payable to the Company's auditor, Crowe (HK) CPA Limited, for the provision of audit services was HK$1,200,000. During the year, HK$450,000 was paid as remuneration to Crowe (HK) CPA Limited for the provision of non-audit related services.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of the Company's annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 March 2019.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibilities for maintaining sound and effective risk management and internal control and reviewing their effectiveness to safeguard the shareholders' interests and the Group's assets. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss. The review covers financial, operational and compliance controls of the selected key operations of the group.

During the year, the Company has taken risk management as a core part of its business activities and operations. The Company is taking steps to build a comprehensive risk management system that is aligned with the strategies and operations of the Company by standardising its risk management procedures, adopting qualitative and quantitative measures to identify, evaluate and mitigate the identified risks.

Guidelines are provided to the directors, officers, management and relevant staff in handling and disseminating sensitive and confidential inside information with due care. Only personnel at appropriate level can get reach of the sensitive and confidential inside information.

Due to the size of the Group and consideration for cost effectiveness, the Company does not have an internal audit function. Instead, the Company engages independent professional firm to conduct annual review on the risk management and internal control systems to identify and evaluate significant risks of the Group's business operations. The Board believes that the involvement of an independent professional firm could enhance the objectivity and transparency of the evaluation process.

For the year ended 31 March 2019, the Group has engaged an independent professional firm to provide risk management and internal controls assessment services to assist the Board and the Audit Committee to identify and evaluate significant risks of the Group's business operations. The independent professional firm has reviewed the relevant policies and procedures of the Group, conducted collaborative interviews, document inspection and performed walkthrough tests and samples testing procedures and presented to the Board and the Audit Committee an internal audit report (the "Internal Audit Report") which contained certain findings and relevant recommendations and suggestions for improvement. The Board and the Audit Committee has reviewed and discussed the findings and recommendations with management. In order to manage risks effectively and control risks within acceptable levels, the management will continue to monitor the identified risks and the respective control measures, and arrange adequate resources for the effective control measures undertaken.

The Board has also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function during the year under review. Based on the Internal Audit Report, the Board is not aware of any significant internal control and risk management weaknesses or inconsistencies with the Group's risk management policies, and considers the existing internal control and risk management systems effective and adequate for the year ended 31 March 2019. The Company has complied with the relevant code provisions of the CG Code relating to risk management and internal control.

COMPANY SECRETARY

Mr. Lee Rabi was the Company Secretary of the Company until 28 February 2019 and Ms. Chan Yuk Yee has been appointed as the Company Secretary of the Company with effect from 28 February 2019. Each of Mr. Lee Rabi and Ms. Chan Yuk Yee has taken no less than 15 hours of the relevant professional training during the year ended 31 March 2019. The biographical details of Ms. Chan Yuk Yee are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 17 to 19 of this annual report.

SHAREHOLDER RIGHTS

Procedures for shareholders to convene a special general meeting

Shareholders can submit a requisition to convene a special general meeting pursuant to the Companies Act 1981 of Bermuda (the "Companies Act"), shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must:

- state the purposes of the special general meeting;
- be signed by all the requisitionists (may consist of one or several documents in like form each signed by one or more requisitionists); and
- be deposited at the Company's office in Hong Kong for the attention of the Company Secretary.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a special general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for shareholders to put forward proposals at general meetings

Pursuant to the Companies Act, any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or not less than one hundred shareholders, can request the Company in writing to:

(a) give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) circulate to shareholders of the Company entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary of the Company at the Company's principal place of business in Hong Kong at Room 2902A, 29th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meetings, the annual and interim reports, notices, announcements and circulars and the Company's website at http://www.susfor.com.

DIVIDEND POLICY

According to the dividend policy adopted by the Company, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account among other things, the following factors: (i) the actual and expected financial performance of the Group, (ii) the retained earnings and distributable reserves of the Group, (iii) the expected working capital requirements and future expansion plans, (iv) liquidity position and (v) any other factors that the Board deems appropriate. The declaration and payment of dividends by the Company shall be determined at the sole and absolute discretion of the Board and is also subject to compliance with all applicable laws and regulations including the laws of Bermuda and the Company's Bye-laws.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued Shares is held by the public at 26 July 2019, being the latest practicable date before printing of this annual report.

Environmental, Social and Governance Report

OVERVIEW

Sustainable Forest Holdings Limited and its subsidiaries (collectively referred to as the "Group" or "we" or "our") are pleased to present the Environmental, Social and Governance ("ESG") Report to demonstrate the Group's efforts toward sustainable development. The report has been prepared in accordance with the standards set forth by the Stock Exchange in its ESG Reporting Guide. It presents and aims to provide a balanced representation of the Group's major ESG policies, initiatives and performances in the four main areas, namely environmental, employment and labour practices, operating practices and community investment, for the year ended 31 March 2019 (the "Reporting Period").

The Board is responsible for the Group's ESG strategy and reporting, evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The management has discussed internally and identified the environmental, social and operating items, assessed their importance to the stakeholders and the Group and provided confirmation to the Board on the effectiveness of the ESG internal control systems.

REPORTING SCOPE

This report focuses on the Group's money lending business and forest-related business including the sustainable forest management and sales of timber and wooden products operations. This report has been prepared under and complied with the "comply or explain" provisions with reference to the ESG Reporting Guide set out in Appendix 27 to the Listing Rules. With regard to the corporate governance aspect, please refer to the Group's Corporate Governance Report on pages 28 to 36 of this annual report. The source of data in preparing the ESG report is primarily based on our internal policies and documents as well as information provided by various key stakeholders.

STAKEHOLDERS' ENGAGEMENT

The Group believes that effective engagements with our stakeholders are vital to the long-term and sustainable development of the organisation. Therefore, we believe that through actively communicating, taking on a proactive role in managing and timely addressing stakeholders' concerns and expectations, encouraging stakeholders to monitor the Group's ESG implementation practices and expressing their feedback in offering advice on sustainable performance and development strategy would lead to the organisation working towards a greater improvement in environmental footprint and social responsibility management of the Group.

Environmental, Social and Governance Report

As such we have identified the following key stakeholder groups, their concerns and expectations, and management's responses in the following table:

Stakeholders	Concerns and Expectations	Management Responses
Government	Abide to law Fulfil tax obligation Cooperation for mutual benefits	Upholding integrity and compliance in operations, paying tax on time in return contributing to the society.
Shareholders	Return on investment Interest protection Information transparency Operating risks management	Ensuring transparency and efficient communications through annual general meetings and announcements published on the websites of the Company and the Stock Exchange.
Customers	Integrity High quality services	Ensuring contractual obligations are in place, and providing high quality goods and services in order to satisfy customers.
Employees	Humanity Health and safety Career development Labor rights	Paying attention to occupational health and safety, creating a comfortable working environment, encouraging employees to participate in continuous education and professional trainings to enhance competency, holding team building function, and setting up contractual obligations to protect labor rights.
Suppliers	Integrity	Ensuring contractual obligations are in place, performing supplier selection with due care.

A. ENVIRONMENTAL

Being environmental conscious is equally as crucial as revenue earnings of the Group. We aim to outperform and go beyond than complying with environmental laws and regulations. The Group is proactively seeking methods to reduce the level of greenhouse gas ("GHG") emission and consumption, and to effectively utilise resources available through recycling and reducing wastage.

Environmental, Social and Governance Report

The Group's money lending business and sales of timber and wooden products operation under the forest-related business are primarily operating in an office environment which have minimal amount of direct exhaustion and impact on GHG emission. The main source of consumption of resources comes from the use of office electricity and water consumption. No hazardous wastage has occurred during the Reporting Period. As for the sustainable forest management operation under the Group's forest-related business, no performance indicators in relation to the environmental aspect have been presented as the Group has licensed the harvesting rights of its forest assets in Brazil to external operators for licensing income and the operators are primarily responsible for the logging activities in the forest and hence the impact to the environment. Nevertheless, the Group understands that the logging activities carrying out by the operators are in full compliance with local environmental laws and regulations with least possible impact to the environment.

The environmental aspects of the Group's money lending business and the sales of timber and wooden products operation under the forest-related business are set out below:

A1: GHG Emissions

	Energy Consumption			Carbon Dioxide Equivalent Emissions		
	Year ended 31 March			Year ended 31 March		
A1.2 GHG Emissions Scope 2 – Energy Indirect Emissions	**2018 (in kWh)**	**2019 (in kWh)**	**Percentage Change**	**2018 (in kg)**	**2019 (in kg)**	**Percentage Change**
Total Acquired Electricity	6,867	4,124	–39.94%	5,425	3,258	–39.94%
Total Energy Intensity (per employee)	327	88	–73.09%	258	69	–73.26%

During the Reporting Period, the total energy consumption was 4,124 kWh with an intensity of 88 kWh per employee. The total energy consumption reduced by 2,743 kWh, or 39.94%, compared to the same in 2018. The decrease was mainly due to the Group's efforts in reducing electricity usage level and raising employees' awareness in energy saving in the workplace.

	Distance Travelled			Carbon Dioxide Equivalent Emissions		
	Year ended 31 March			Year ended 31 March		
A1.2 GHG Emissions Scope 3 – Other Indirect Emissions	**2018 (in km)**	**2019 (in km)**	**Percentage Change**	**2018 (in kg)**	**2019 (in kg)**	**Percentage Change**
Total distance travelled for business trips	N/A	139,619	N/A	N/A	25,901	N/A
Total travel Intensity (per employee)	N/A	2,971	N/A	N/A	551	N/A

During the year, the total distance travelled was 139,619 km with an intensity of 2,971 km per employee. In 2019, the Group has commenced its logging and sales of timber activities in Suriname and employees had been travelling between the Group's headquarter in Hong Kong and Suriname.

Waste Reduction and Recycling

The Group continues to enforce the message of "go green" to create a sustainable office environment and put efforts to minimise the impact of physical wastage generated through day-to-day activities.

The nature of the Group's money lending business and sales of timber and wooden products operation do not generate any hazardous waste which have been defined in the "Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, 1989".

Printing supplies and papers are our major non-hazardous waste generated. In order to reduce the waste, the following measures have been adopted:

- Encouraging employees to work in a paperless operation where possible.
- Setting the prescribed printing mode of the computers to be double-sided sheets when physical printing is needed.
- Locking the default copying mode of printers to generate printing on both sides of the paper.
- Placing recycling boxes at noticeable locations to promote the message of separation of waste for recycling.
- Promoting the message that office equipment and stationery would only be purchased when necessary to avoid abundance of supplies.
- When acquiring new office equipment, in most cases, only electric appliances which have been awarded with Grade 1 energy label will be considered.
- Appointing third-party agencies to be responsible for recycling of used toner cartridges, and concentrating on recycling of office wastes.

A2: Use of Resources

Energy Consumption

Acquired electricity for use in the office is the major element contributing to the indirect GHG emissions. The Group has reinforced the idea of green office through encouraging employees to be more responsive to energy saving by implementing measures such as switching off idle office equipment, turning off lights that are not in use and before leaving office at the end of the day, and monitoring of indoor room temperature at 24-26 degrees Celsius.

Water Consumption

We do not face any water supply problem as it is provided by government authority to the office building. Moreover, we order our drinking water from external supplier on monthly basis and hence electricity is not used to run a separate internal water supply system.

Although we do not have full controls over the water supply, we recognise the scarcity of resources the environment could offer and we always encourage our staff to cherish water usage, such as reducing unnecessary water consumption in washrooms and pantries.

Use of Packaging Materials

The Group's operations do not involve significant use of packaging materials.

A3: The Environment and Natural Resources

The Group's money lending business and sales of timber and wooden products operation do not have significant impact on the environment and natural resources. Nevertheless, the Company encourages staff to adopt environmentally responsible behaviour and raise awareness of environmental protection. As mentioned in the above sections, the Company has implemented various measures to reduce energy consumption, protect water resources and reduce waste.

Through continuous effort of the Group and its employees, we believe we are steps closer in becoming a more sustainable corporation, reducing of GHG emissions and carbon footprint and leading to mutual benefits for employees, the Group and the whole community.

During the Reporting Period, we were not aware of any non-compliance with the relevant environmental rules and regulations.

Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS PERFORMANCE SUMMARY

Indicators		Year ended 31 March 2018	2019	Percentage Change
A1 – Emissions				
A1.1	**Types of Emission and Emission Data from Vehicle**	N/A *(Note 1)*	N/A *(Note 1)*	N/A
A1.2	**GHG Emissions**			
	Carbon Dioxide Equivalent Emissions (in kg)			
	Scope 1 – Direct Emissions	N/A	N/A	N/A
	Scope 2 – Energy Indirect Emissions			
	• Electricity	5,425	3,258	–39.94%
	Scope 3 – Other Indirect Emissions			
	• Waste Disposal	N/A	N/A	N/A
	• Water Consumption	N/A *(Note 3)*	N/A *(Note 3)*	N/A
	• Business Travel	N/A	25,901	N/A
	Total	5,425	29,159	437.49%
A1.3	**Hazardous Waste in Total**	N/A *(Note 2)*	N/A *(Note 2)*	N/A
A1.4	**Non-hazardous Waste in Total**	N/A	7,256 *(Note 4)*	N/A
A2 – Use of Resources				
A2.1	**Electricity Consumption in Total (in kWh)**	6,867	4,124	–39.94%
	Electricity Consumption in Intensity (in kWh per employee)	327	88	–73.09%
A2.2	**Water Consumption in Total**	N/A *(Note 3)*	N/A *(Note 3)*	N/A
	Water Consumption in Intensity	N/A *(Note 3)*	N/A *(Note 3)*	N/A

Note 1: Data of emissions from vehicle is not available since the Group does not own any vehicle.

Note 2: As the current principal businesses of the Group are office-based, no hazardous waste was produced during the Reporting Period.

Note 3: Data of water consumption is not available since the Group operates in a leased office premises for which both water supply and consumption are on the account of the building management company. The provision of water consumption data or sub-meter for individual occupants is not available.

Note 4: This represents the carbon dioxide equivalent emissions of the consumption of printing supplies and paper by the Group.

B. SOCIAL

Being a Group engaged in money lending and forest-related businesses, much of the success of the corporation depends upon the loyalty and competence our team of committed employees in sharing their knowledge, skills and experiences. We value employees as significant assets of the Group, therefore, it is our utmost objective to provide them with a harmonious and desirable workplace, which offers progressive career opportunities, content and safe environment, continuous training opportunities to enhance their knowledge, skills and competencies and strictly in compliance to labour regulations and standards. The Group believes in equal opportunity and individuals regardless of their age, gender, marital status, nationality, race and religious belief would be employed, as we believe skills, experience and commitment would be the most important.

We also believe that being socially responsible should cover our whole supply chain. We therefore encourage suppliers to join us in adopting sustainable business practices and consider environmental aspects in day-to-day operation.

EMPLOYMENT AND LABOUR PRACTICES

B1: Employment

Information on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare

The Group values importance of equity and diversity which are imprinted in our corporate philosophy and have been abided by our human resources team. We aim to create a working environment composing of a diverse labour base, and hiring employees based on their qualifications, skills and experiences. All new hires, irrespective of their age, gender, marital status, nationality, race and religious belief are welcomed. The Group guarantees that a fair and transparent assessment system would be applied when assessing potential candidates.

We have acted in accordance to applicable laws and regulations including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) of Hong Kong, the labour laws of Brazil, and the employee handbooks of the Group. The applicable laws and regulations supplemented by the employee handbooks specify the issues to be aware of when encountering human resources related matters, which include but not limited to, the recruitment system (hiring, promotion and termination), welfare system (fringe benefits and medical) and matters pursuant to the eradication of child labour and forced labour. We have zero tolerance to discrimination, sexual harassment and any unethical conducts in the workplace.

During the Reporting Period, the Group was not aware of any violations of the Hong Kong Bill of Rights Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Race Discrimination Ordinance.

Environmental, Social and Governance Report

Workforce	Year ended 31 March 2018	2019	Percentage Change
By Gender			
Male	62%	55%	–11.29%
Female	38%	45%	18.42%
By Employment Type			
Management	62%	51%	–17.74%
General Staff	38%	49%	28.95%
By Geographical Region			
Hong Kong	71%	77%	8.45%
Brazil	29%	23%	–20.69%

Working hours, promotion, compensation and other benefits

At the end of the Reporting Period, the Group had a total of 24 employees (2018: 21 employees) located in Hong Kong and Brazil. Termination of employees, if any, was carried out in accordance with local laws and regulations.

The Group aspires to be an employer of choice through providing attractive and comprehensive remuneration packages to all employees. Employees would be eligible for paid holidays, provident fund participation, medical benefits and other fringe benefits. Salary increments and bonuses would be rewarded to employees as a recognition of their outstanding effort and performance on a discretionary basis. The Group reviews the remuneration system and package for each individual employee on an annual basis.

We believe employees should seek for work-life balance and aim at finishing all work tasks within the office hours. Overtime work is not encouraged.

The Group will continue to optimise the annual appraisal, remuneration and welfare procedures, improve the office environment and organise different recreational activities to boost employees' satisfaction and nurture their sense of belonging.

B2: Health and Safety

Information on providing a safe working environment and protecting employees from occupational hazards

We opt to create an environment that all employees' health and safety requirements are met as reasonably as possible. We are fully in compliance with all rules and regulations in relation to health and safety which are applicable to our operations.

Even in an office setting, where no labour intensive work is involved, the Group still pays full attention to the health and safety of employees. Notices have been placed in noticeable areas to educate and remind employees of health and safety issues in the workplace. Office furniture (including computer chairs) which has safety protection and designs in the way that helps alleviating health problems such as backache and discomfort has been purchased and allocated for use by employees.

There were no incidents with regard to occupational health and safety reported during the Reporting Period.

B3: Development and Training

Policies on improving employees' knowledge and skills for discharging duties at work

A committed and skilful workforce is fundamental to the success of the Group. The Group places emphasis on creating a harmonious and welcoming workplace atmosphere. On-the-job training is provided to employees on induction and at interval basis to increase their familiarity with the Group's operations and capability in meeting the demand of customers. The Group also encourages employees to attend their own personal off-the-job training sessions to facilitate and enhance their work skills, broaden their knowledge base and pave the way for their future career.

B4: Labour Standards

Information on preventing child and forced labor

Being a responsible corporation operating in the money lending and forest-related businesses, the Group is strongly against the employment of child and forced labour. The Group does not employ any form of forced, bonded, slave or otherwise involuntary labour, and ensures that all its business operations are in compliance with local laws and regulations. Our human resources department verifies the age of our employees and their educational background, and to ascertain that all employees satisfy the age requirements. A detailed background and reference check would also be conducted on potential hires to ensure that they are free from any violations of laws and regulations. During the Reporting Period, the Group complied with local laws and regulations and no child or forced labour was hired.

The Group does not only follow the labour laws and regulations in Hong Kong but also the labour laws and regulations of other countries. For example, the Group follows the Brazilian law that, under any circumstances, labour cannot be used similar to work slave, either directly or through third parties, subcontractors or any other companies that have any type of commercial relationship and involvement with the Group.

The Group will continue to strive for providing a fair, diverse, respectful and welcoming working environment for all employees.

Environmental, Social and Governance Report

OPERATING PRACTICES

B5: Supply Chain Management

Policies on managing environmental and social risks of the supply chain

To maintain high standards of supply chain management, when suppliers are selected, attention would be paid to whether suppliers are acting ethically and convey to the same standards and expectations in the environmental aspects and labour practices as that of the Group prior to signing of any contractual agreements. No business will be conducted with suppliers that have track record of repetitive violations of local laws and regulations in relation to unethical behaviour or other prohibited business practices that are known to the Group.

B6: Product Responsibility

Information on health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress

Recalls, complaints received for services and products – During the Reporting Period, the Group had not received any reported cases of recalls or complaints regarding the products and services offered by the Group for safety and health reasons. The Group strives to provide the highest standards of goods and services to our customers.

Intellectual property right – The Group refrains from using any illegal software or products that have not obtained copyrights or licenses. As a responsible and ethical corporation, we are in support of the use of software and products that have obtained licenses or those that have been certified by relevant authorities. We believe that using licensed software and products would enhance the security level of our IT and computer network.

Quality and assurance process – The Group strives to ensure that accurate and sufficient information of our products and services are provided to customers and is committed to provide our customers with the maximum level of user experience and satisfaction.

Confidentiality of customers' information – Information security and protection of customers' personal information continues to be a priority embedded in the Group's core values. The Group ensures that all personal data are treated with the highest level of confidentiality. Restrictions have been imposed that only delegated employees would have access to the clients' information database and they only be entitled to access to information on a need-to-know basis.

The information provided by customer is handled with due care and comply with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and other relevant laws and regulations.

All employees in the Group are disallowed, under all circumstances, to disclose any customers' personal information to third parties unless they have a legal or professional right or duty to do so. If information is to be disclosed due to an infringement to laws or regulations, the delegated employees have to report to the management team whom would appoint a spokesperson to handle the issue. The applicability of the privacy and security policies are reviewed on a regular basis and any updates to the laws and regulations would be added in to the policies. During the Reporting Period, the Group had not received any reported case of complaints in relation to the breaches of customer privacy and losses of customer's personal data.

B7: Anti-Corruption

Information on bribery, extortion, fraud and money laundering

Employees are expected to maintain free from any temptations from bribery, extortion, fraud and money laundering and there is zero-tolerance approach for all kinds of corruption, bribery, forgery, extortion, conspiracy, and embezzlement and collusion cases. We strive to be at the highest standard level when it comes to performing professional conduct.

Being in the money lending business, the Group would be involved in handling large quantities of transactions which may involve large payment transactions in our daily operations. When large sums of money are involved, it would raise the concern of potential risk relating to improper or dishonest dealing.

Being in the trading of timber and wooden products business, there is also a potential risk of temptations from suppliers, customers or business partners. In accordance to the Group's employee handbooks, no directors or employees or related parties shall accept gifts, rebate and gratuity or to accept anything of material value unless prior consents are granted from two executive directors of the Company.

Moreover, the Brazilian enforcement regime has been going through active and remarkable years in the present decade, with unprecedented results in many aspects. While it is true that new laws came into force in the anti-corruption aspect, most of the legal rules and tools that have been used in the massive investigations ongoing in the country already existed, but had never been as effectively applied as they recently have. Prosecutors and judges have become much tougher than ever before, and society seems to be more intolerant to corruption-related culture and practices.

The Group has also established a set of policies and procedures for tackling anti-corruption and anti-money laundering. To prevent the occurrence of such matters, all employees are required to declare and adhere to the anti-bribery policy, upon their induction to the Group. All employees are prohibited to give and accept personal, commercial, regulatory or contractual advantage, by using the excuse of work or the authority granted from the Group, including but not limited, money, gift, entertainment and hospitality. The Group believes that our employees would uphold and adhere to the highest standards of moral, integrity, impartiality and honesty. In the event that employee misconduct is discovered, the Group would immediately commence its disciplinary action against the employee without hesitation.

During the Reporting Period, there had been no reported case of corruption that was charged against our employees and the Group.

COMMUNITY

B8: Community investment

Policies on community engagement to understand the needs of the communities where the Group operates and to ensure its activities take into consideration the communities' interests

The Group values the importance of going green and its positive impact on the community. The Group also strives to support community services and adhere to the idea of "make contribution to the society". Employees are encouraged to participate in fund-raising programs in making monetary contribution or spending their time to take part in volunteer work for environmental protection, helping poor and homeless people, free tutoring for children of low-income families and other community services.

Independent Auditor's Report

Crowe

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SUSTAINABLE FOREST HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Sustainable Forest Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 53 to 143, which comprise the consolidated statement of financial position at 31 March 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters described in the basis for qualified opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 March 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Our audit opinion dated 28 June 2017 on the Group's financial statements for the year ended 31 March 2017 was disclaimed, as we were unable to obtain sufficient information and appropriate audit evidence or perform alternative audit procedures for us to ascertain the feasibility of the Group's future business plan based on which valuations for the intangible assets of HK$9,841,000, the interest in subsidiaries of HK$133,088,000 at 31 March 2017, and whether the deferred tax liabilities of HK$30,493,000, impairment of intangible assets of HK$89,674,000, and impairment of amounts due from subsidiaries of HK$15,805,000 recognised in the Group and Company level profit or loss for the year ended 31 March 2017 were free from misstatement.

Any adjustments that might have been found to be necessary in respect of the above matters would have a significant effect on the net assets of the Group and the Company at 1 April 2017, and the Group's loss and cash flows for the year then ended and the related disclosures in the consolidated financial statements. Our audit opinion on the consolidated financial statements for the year ended 31 March 2018 was modified accordingly. Our opinion on the current year's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

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
Provision for expected credit losses ("ECL") and impairment assessment of loan receivables	
We identified the ECL assessment and impairment assessment on loan receivables as a key audit matter due to management judgement was required in making an assessment of the adequacy of the ECL assessment and impairment provision for loan receivables rising from the money lending business. The carrying amount of the loan receivables at 31 March 2019 amounted to HK$295,878,000. In determining the impairment provision of loan receivables, the recoverability of the loan receivables was assessed by the management taking into account the credit quality and likelihood of collection. ECL for loan receivables are based on management's estimate of 12 month ECL to be incurred, which is estimated by taking into account the credit loss experience, aging of overdue, customers' repayment history and customers' financial position, all of which involve a significant degree of management judgement.	Our procedures in relation to management's impairment assessment of the loan receivables included: – Understanding the Group's policy on granting loans to its borrowers and the Group's credit and impairment assessments including the related credit control and loan monitoring process; – Challenging management's basis and judgement in determining credit loss allowance on loan receivables at 1 April 2018 and 31 March 2019, including the identification of credit impaired loan receivables, estimated loss rates applied to each borrower and collaterals pledged to the Group; – Evaluating management's assessment of the internal credit rating of the loan receivables by making reference to the past due status, past collection history, subsequent settlement information and financial condition of the borrowers; – Testing the mathematical accuracy of the impairment allowance calculation and settlement records on a sample basis; – Evaluating the expected cash shortfalls estimated by the management by checking the expected cash flows from the realisation of collaterals received against publicly available information; and – Assessing the reasonableness of forward-looking information used by the Group.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hong Kong Standards on Auditing (the "HKSAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 6 June 2019

Alvin Yeung Sik Hung
Practising Certificate Number: P05206

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	7	**589,114**	25,920
Cost of sales		**(546,154)**	(15,484)
Change in fair value of investment properties reclassified as assets classified as held-for-sale	22	**480**	–
Change in fair value of investment properties	17	**2,180**	2,577
Other income	8	**1,759**	417
Other net gains	8	**67**	22,522
Administrative expenses		**(18,385)**	(12,830)
Other operating expenses	9(c)	**(979)**	(1,440)
Profit from operations		**28,082**	21,682
Finance income		**242**	342
Finance costs		**(1,498)**	(364)
Net finance costs	9(a)	**(1,256)**	(22)
Profit before taxation	9	**26,826**	21,660
Income tax (expense)/credit	12(a)	**(454)**	205
Profit for the year		**26,372**	21,865
Attributable to:			
Owners of the Company		**26,372**	21,865
Non-controlling interests		**–**	–
		26,372	21,865
Earnings per share	14		
– Basic		**HK0.29 cent**	HK0.25 cent
– Diluted		**HK0.29 cent**	HK0.24 cent

The notes on pages 60 to 143 form part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	**26,372**	21,865
Other comprehensive income/(expense) for the year:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**265**	(63)
Total comprehensive income for the year	**26,637**	21,802
Total comprehensive income attributable to:		
Owners of the Company	**26,637**	21,802
Non-controlling interests	**–**	–
	26,637	21,802

The notes on pages 60 to 143 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	15	**42**	22
Intangible assets	16	**6,820**	8,072
Investment properties	17	**–**	31,600
Loan receivables	19	**219,800**	–
Finance lease receivables	20	**6,252**	–
		232,914	39,694
Current assets			
Trade and other receivables	18	**109,229**	20,863
Loan receivables	19	**76,078**	105,468
Finance lease receivables	20	**3,923**	–
Cash and cash equivalents	21	**25,433**	24,436
		214,663	150,767
Assets classified as held-for-sale	22	**23,400**	–
		238,063	150,767
Current liabilities			
Trade and other payables	23	**52,494**	17,596
Bank loans and borrowings	24	**48,151**	4,020
Financial liabilities	25	**–**	10
Provision for taxation		**1,293**	1,025
Amounts received from a shareholder	26	**200,000**	–
		301,938	22,651
Liabilities directly associated with assets classified as held-for-sale	22	**1,836**	–
		303,774	22,651
Net current (liabilities)/assets		**(65,711)**	128,116
Total assets less current liabilities		**167,203**	167,810
Non-current liabilities			
Bank loans and borrowings	24	**–**	6,828
Loan from a shareholder	26	**–**	20,000
Deferred tax liabilities	27	**2,287**	2,714
		2,287	29,542
Net assets		**164,916**	138,268

Consolidated Statement of Financial Position

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Capital and reserves			
Share capital	*28*	**125,068**	125,068
Reserves	*30*	**39,862**	13,214
Total equity attributable to the owners of the Company		**164,930**	138,282
Non-controlling interests		**(14)**	(14)
Total equity		**164,916**	138,268

Approved and authorised for issue by the Board of Directors on 6 June 2019 and are signed on its behalf by:

Wang Jingyu
Director

Lai Ming Wai
Director

The notes on pages 60 to 143 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

		Attributable to the owners of the Company											
	Notes	Share capital HK$'000	Share premium HK$'000	Shares held by the Company for settlement of acquisition consideration HK$'000	Contributed surplus HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Exchange fluctuation reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2017		185,658	6,955	(115,920)	2,885,431	2,216	8,000	(64,257)	869	(2,792,472)	116,480	(14)	116,466
Profit for the year		–	–	–	–	–	–	–	–	21,865	21,865	–	21,865
Exchange differences on translation of financial statements of overseas subsidiaries		–	–	–	–	–	–	(63)	–	–	(63)	–	(63)
Total other comprehensive expense		–	–	–	–	–	–	(63)	–	–	(63)	–	(63)
Total comprehensive (expense)/income for the year		–	–	–	–	–	–	(63)	–	21,865	21,802	–	21,802
Lapse of share options		–	–	–	–	–	–	–	(869)	869	–	–	–
Conversion of convertible preferred shares	*28(iii)*	(60,590)	60,590	–	–	–	–	–	–	–	–	–	–
Total transactions with owners		(60,590)	60,590	–	–	–	–	–	(869)	869	–	–	–
At 31 March 2018		125,068	67,545	(115,920)	2,885,431	2,216	8,000	(64,320)	–	(2,769,738)	138,282	(14)	138,268
At 1 April 2018		**125,068**	**67,545**	**(115,920)**	**2,885,431**	**2,216**	**8,000**	**(64,320)**	**–**	**(2,769,738)**	**138,282**	**(14)**	**138,268**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**26,372**	**26,372**	**–**	**26,372**
Exchange differences on translation of financial statements of overseas subsidiaries		**–**	**–**	**–**	**–**	**–**	**–**	**265**	**–**	**–**	**265**	**–**	**265**
Total other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**265**	**–**	**–**	**265**	**–**	**265**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**265**	**–**	**26,372**	**26,637**	**–**	**26,637**
Shares issued upon exercise of ordinary share warrants	*28(iv)*	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
Disposal of shares	*30(vii)*	**–**	**–**	**1,341**	**–**	**–**	**–**	**–**	**–**	**(1,331)**	**10**	**–**	**10**
Total transactions with owners		**–**	**1**	**1,341**	**–**	**–**	**–**	**–**	**–**	**(1,331)**	**11**	**–**	**11**
At 31 March 2019		**125,068**	**67,546**	**(114,579)**	**2,885,431**	**2,216**	**8,000**	**(64,055)**	**–**	**(2,744,697)**	**164,930**	**(14)**	**164,916**

The notes on pages 60 to 143 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Profit before taxation		**26,826**	21,660
Adjustments for:			
Change in fair value of investment properties	17	**(2,180)**	(2,577)
Change in fair value of investment properties reclassified as assets classified as held-for-sale	22	**(480)**	–
Finance costs	9(a)	**1,498**	364
Finance income	9(a)	**(242)**	(342)
Impairment loss on trade receivables	9(c)	**324**	–
Impairment loss on loan receivables	9(c)	**655**	–
Impairment loss on harvesting rights	9(c)	**–**	1,440
Depreciation of property, plant and equipment	9(c)	**13**	7
Net gain on disposal of a subsidiary	8	**(57)**	–
Change in fair value of financial liabilities	8	**(10)**	(22,522)
Operating cash flows before changes in working capital		**26,347**	(1,970)
Increase in trade and other receivables		**(88,712)**	(17,753)
Increase in loan receivables		**(191,065)**	(82,268)
Increase in finance lease receivables		**(10,175)**	–
Increase in trade and other payables		**35,555**	2,525
Cash used in operations		**(228,050)**	(99,466)
Income tax paid			
– Hong Kong Profits Tax paid		**(186)**	–
Net cash used in operating activities		**(228,236)**	(99,466)
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(33)**	(7)
Proceeds from disposal of a subsidiary	33	**10,880**	–
Proceeds from disposal of investment properties reclassified as assets classified as held-for-sale	22	**1,238**	–
Interest received	9(a)	**242**	342
Net cash generated from investing activities		**12,327**	335

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from financing activities			
Repayment of bank loans and borrowings		**(10,848)**	(12,454)
Proceeds from bank advances on bill receivables discounted with full recourse		**468,151**	–
Repayment of bank advances on bill receivables discounted with full recourse		**(420,000)**	–
Increase in amounts received from a shareholder		**180,000**	–
Loan from a shareholder		**–**	20,000
Interest paid	*9(a)*	**(1,498)**	(364)
Proceeds from issue of shares upon exercise of share warrants		**1**	–
Proceeds from disposal of shares held by the Company for settlement of acquisition consideration		**10**	–
Net cash generated from financing activities		**215,816**	7,182
Net decrease in cash and cash equivalents		**(93)**	(91,949)
Cash and cash equivalents at beginning of year		**24,436**	116,163
Effect of foreign exchange rate changes		**1,090**	222
Cash and cash equivalents at end of year		**25,433**	24,436

The notes on pages 60 to 143 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

1. CORPORATE INFORMATION

Sustainable Forest Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Trading in shares of the Company has been suspended since 10 October 2018. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong is Room 2902A, 29th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries of the Company comprise money lending business pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), forest-related business including sustainable forest management and sales of timber and wooden products, and leasing of properties.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Significant accounting policies adopted by the Company and its subsidiaries (collectively referred to as the "Group") are disclosed below.

The IASB has issued certain new and revised IFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2019 comprise the Group.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional currency and the Group's presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation of the financial statements (continued)

The measurement basis used in the preparation of the financial statements is the historical cost basis except for investment properties, investment properties reclassified as assets classified as held-for-sale and financial liabilities which are stated at their fair value as explained in the accounting policies set out in note 3(g), 3(v) and 3(z) respectively.

Non-current assets held-for-sale are stated at the lower of their carrying amount and fair value less costs to sell (please refer to note 3(v)).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. 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.

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and major source of estimation uncertainty are discussed in note 5.

(b) Going concern basis

At 31 March 2019, the Group had net current liabilities of HK$65,711,000. The directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months given that on 1 February 2019, Champion Alliance Enterprises Limited ("Champion Alliance"), a substantial shareholder of the Company, had confirmed that the amount due to it up to HK$200,000,000 will be fully utilised for the subscription of new shares under a fund raising exercise to be conducted by the Company for the purpose of enlarging its capital base, such fund raising exercise is subject to the approval of the Stock Exchange. In the case of failing to get the approval, Champion Alliance has undertaken not to demand for repayment of the amount due to it (which is unsecured and interest-free) until the Group is financially viable to do so. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment losses (please refer to note 3(j)), unless the investment is classified as held-for-sale (or included in a disposal group that is classified as held-for-sale).

(d) 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 liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 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 IFRS 2 "Share-based Payment" at the acquisition date; and

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Business combinations (continued)

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured 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.

Where the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that does not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (that is, the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9/IAS 39 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Business combinations (continued)

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

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

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) 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 cash-generating units).

On the disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

(f) Property, plant and equipment

Freehold land is measured on initial recognition at cost. The cost of freehold land acquired in a business combination is the fair value at the date of acquisition.

Freehold land and construction in progress are not depreciated.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

The following items of property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses (please refer to note 3(j)(ii)):

– furniture and fixtures, machinery, engineering and other equipment, and motor vehicles

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Furniture and fixtures	5–10 years
Machinery, engineering and other equipment	5–10 years
Motor vehicles	10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Properties, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties, plant and equipment are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (please refer to note 3(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 3(s)(iii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it was held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 3(i).

(h) Intangible assets (other than goodwill)

Intangible assets, other than goodwill, identified on business combinations are capitalised based on their fair values.

Intangible assets acquired by the Group are stated in the consolidated statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (please refer to note 3(j)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Money lenders license will not be amortised until its useful life is determined to be finite, but subject to impairment test annually.

Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Harvesting rights have indefinite useful life. Harvesting rights are stated at cost less any accumulated impairment losses. These rights give the Group rights to logging trees in the allocated concession forests in designated areas in the Northwest of Brazil, the State of Acre, Amazon Region.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exception:

Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(iii) The Group as lessee

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as an expense in the accounting period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments, loan receivables and finance lease receivables

(a) Policy applicable from 1 April 2018

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables);

– loan receivables; and

– finance lease receivables.

Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (that is, the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

– loan receivables and finance lease receivables: discount rate used in the measurement of the receivables.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, loan receivables and finance lease receivables (continued)

(a) Policy applicable from 1 April 2018 (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, loan receivables and finance lease receivables (continued)

(a) Policy applicable from 1 April 2018 (continued)

Significant increases in credit risk (continued)

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through an impairment allowance account.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, loan receivables and finance lease receivables (continued)

(a) Policy applicable from 1 April 2018 (continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 3(s)(ii) 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 the amortised cost (that is, the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, loan receivable or finance lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, loan receivables and finance lease receivables (continued)

(a) Policy applicable from 1 April 2018 (continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (that is, 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 the difference between all contractual cash flows that are due to the Group in accordance with the contract and 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, the financial instruments are grouped on the basis below:

– nature of financial instruments;

– past-due status;

– nature, size and industry of debtors; and

– external credit ratings where available.

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

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 and other receivables, loan receivables and finance lease receivables where the corresponding adjustment is recognised through an impairment allowance account.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, loan receivables and finance lease receivables (continued)

(b) Policy applicable prior to 1 April 2018

Prior to 1 April 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at fair value through profit or loss ("FVPL") (for example, trade and other receivables and loan receivables). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

– significant financial difficulties of the debtors;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtors.

If any such evidence existed, any impairment loss was determined and recognised as follows:

– For trade and other receivables, loan receivables and other financial assets carried at amortised cost, the impairment loss was measured as 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 (that is, the effective interest rate computed at initial recognition of these assets), where the effect of discounting was material. This assessment was made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, loan receivables and finance lease receivables (continued)

(b) Policy applicable prior to 1 April 2018 (continued)

When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets; and

– interests in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(ii) Impairment of non-financial assets (continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (that is, a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS 34, "Interim Financial Reporting", in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (please refer to notes 3(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (please refer to note 3(j)(i)).

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (please refer to note 3(u)).

(m) Preferred share capital

Preferred share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preferred share capital classified as equity are recognised as distributions within equity.

Preferred share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 3(u) and accordingly dividends thereon are recognised on an accruals basis in profit or loss as part of finance costs.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 3(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) 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 readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 3(j)(i).

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year 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.

(ii) The Group operates a Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. The Group's subsidiary which operates in Brazil is required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with rules of the central pension scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(iii) Share-based payments

Share options granted to employees

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

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

Share options granted to consultants

Share options granted to consultants in exchange for goods or services are measured at the fair values of goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The amounts are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

(iv) Termination benefits

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 3(g), the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 3(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, that is, the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products.

In the comparative period, revenue from sales of goods was recognised when the goods were delivered and title passed, which was taken to be the point in time when the customer had accepted the goods and the related risks and rewards of ownership.

(ii) 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. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (that is, gross carrying amount net of loss allowance) of the asset (please refer to note 3(j)(i)).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue and other income (continued)

(iii) Rental income from investment properties

Rental income receivable from investment properties is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Revenue from licensing of harvesting rights

Revenue from licensing of harvesting rights is recognised on a straight-line basis over the term of the relevant lease.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items of statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 April 2005, are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange fluctuation reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies (continued)

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in profit or loss in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(v) Non-current assets held-for-sale

A non-current asset is classified as held-for-sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset is available for sale in its present condition.

Immediately before classification as held-for-sale, the measurement of the non-current assets is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held-for-sale and until disposal, the non-current assets are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are investment properties. These assets, even if held-for-sale, would continue to be measured in accordance with the policy set out in note 3(g).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties

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

(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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) 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 Board of Directors of the Company (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting 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.

(y) Shares held by the Company for settlement of acquisition consideration

The Company issued shares and held them on behalf of the vendor for the settlement of acquisition consideration payable to the vendor in future years upon meeting the net profit guarantee by the vendor in connection with the acquisition of Originate Tech Global Investments Limited and its subsidiaries. The shares, valued at HK$0.414 per share, before share consolidation effective from 2 October 2013, including any directly attributable incremental costs, are presented as "Shares held by the Company for settlement of acquisition consideration" and deducted from total equity. As a result of the failure to meet the net profit guarantee by the vendor, these shares are held by the Company awaiting disposal by the Company. Proceeds recovered from the disposal of these shares shall be returned to the Company.

(z) Warrants

Warrants issued by the Company that will be settled by other than a fixed amount of cash for a fixed number of the Company's own equity instruments are derivative financial instruments. Warrants classified as derivative financial instruments are recognised at their fair values at the date of issue. Changes in fair values in subsequent periods are recognised through profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the IASB:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 15	Clarifications to IFRS 15, Revenue from Contracts with Customers
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfer to Investment Property
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS 28

The application of the above new and revised standards, amendments and interpretations to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39, "Financial Instruments: Recognition and Measurement". It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements and there is no significant impact on the Group's financial position upon its initial application on 1 April 2018. Comparative information continues to be reported under IAS 39.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 9 "Financial Instruments" (continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. *Classification of financial assets and financial liabilities*

IFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

This category includes the Group's loan receivables, finance lease receivables, trade and other receivables and cash and cash equivalents.

For an explanation of how the Group classifies and measures financial assets and recognises related gains and losses under IFRS 9, see respective accounting policy notes in notes 3(j), (k) and (o).

The application of the new standard does not have a significant impact on the classification and measurement of its financial assets as debt instruments currently classified as loans and receivables will continue to be measured at amortised cost.

b. *Credit losses*

IFRS 9 replaces the "incurred loss" model in IAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables);

– loan receivables; and

– finance lease receivables.

For further details on the Group's accounting policy for accounting for credit losses, please refer to note 3(j)(i) and (ii).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 9 "Financial Instruments" (continued)

b. Credit losses (continued)

Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL for all trade receivables that are within the scope of IFRS 15. To measure the ECL, trade receivables have been assessed individually with outstanding significant balances and/or grouped based on shared credit risk characteristics.

ECL for other financial assets at amortised cost, including loan receivables, finance lease receivables, other receivables and cash and cash equivalents are assessed on 12 month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

c. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained profits and reserves at 1 April 2018. Accordingly, the information presented for the prior year continues to be reported under IAS 39 and thus may not be comparable with the current year;

– The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of IFRS 9 by the Group); and

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

There is no significant impact on the Group's financial position and financial results upon its initial application at 1 April 2018. Comparative information continues to be reported under IAS 18.

The adoption of IFRS 15 does not result in any significant impact to the financial statements as the timing of revenue recognition is not changed and has had no material impact on the Group's financial performance and positions for the current year or at 1 April 2018.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC 22 does not have any material impact on the financial position and the financial results of the Group.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 on-going 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.

Key sources of estimation uncertainty

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

(a) Impairment assessment of loan receivables and finance lease receivables

Management regularly reviews the impairment assessment and evaluates the ECL of the loan receivables and finance lease receivables. Appropriate impairment allowance is recognised in profit or loss.

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 reporting date with the one at the date of initial recognition. In making this assessment, the loan receivables and finance lease receivables are assessed individually by the management of the Group, based on the financial background, financial condition and the historical settlement records, including past due dates and default rates, of each borrower and reasonable and supportable forward-looking information such as macroeconomic data (for example, respective industry projected growth rates for certain borrowers) that is available without undue cost or effort.

Each borrower is assigned a risk grading under internal credit ratings to calculate the ECL, taking into consideration of the estimates of expected cash shortfalls which are driven by estimates of possibility of default and the amount and timing of cash flows that are expected from foreclosure on the collaterals (if any) less the costs of obtaining and selling the collaterals. At every reporting date, the financial background, financial condition and the historical settlement records are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's loan receivables and finance lease receivables are disclosed in notes 35, 19 and 20 respectively.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(b) Impairment loss of intangible assets

The Group performs annual tests on whether there has been impairment of intangible assets with indefinite useful life. In the event that the carrying values of the intangible assets are higher than their recoverable amounts (that is, the greater of its fair value less costs of disposal and value in use), impairment loss is recognised. The recoverable amounts of cash-generating units are determined based on fair value less costs of disposal calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, and other assumptions underlying the fair value less costs of disposal calculations.

(c) Income tax

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

(d) Estimates of fair value of investment properties and investment properties reclassified as assets classified as held-for-sale

The Group's investment properties and investment properties reclassified as assets classified as held-for-sale were valued at the end of the reporting period by an independent professional valuer. Such valuations were based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

6. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical location. In a manner consistent with the way in which information is reported internally to the Board of Directors for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

- Money lending: money lending business pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

- Forest-related business:

    (i) Sustainable forest management: sustainable forest management of and investment in natural forests, licensing of harvesting rights, timber and wood processing, trading and sales of forestry and timber products.

    (ii) Sales of timber and wooden products: sales of timber and wooden products including sawn timber products.

- Leasing of properties: lease of premises to generate rental income and to gain from the appreciation in the property values.

Segment results represent the profit/loss from each segment without allocation of central administration cost such as directors' emoluments, impairment loss on harvesting rights, change in fair value of financial liabilities, unallocated corporate income and unallocated corporate expenses.

Segment assets include all non-current assets and current assets attributable to an individual reportable segment with the exception of certain unallocated corporate assets.

All liabilities are allocated to reportable segments other than financial liabilities, deferred tax liabilities, loan from a shareholder, amounts received from a shareholder and unallocated corporate liabilities.

6. SEGMENT REPORTING (continued)

Segment revenue, results, assets and liabilities

An analysis of the Group's reportable segments is reported below:

For the year ended 31 March 2019

		Forest-related business			
	Money lending HK$'000	Sustainable forest management HK$'000	Sales of timber and wooden products HK$'000	Leasing of properties HK$'000	Total HK$'000
Segment revenue					
Revenue from external customers	22,319	3,244	562,777	774	589,114
Results					
Segment results	18,958	2,634	12,134	2,774	36,500
Unallocated corporate income					9
Unallocated corporate expenses					(9,693)
Change in fair value of financial liabilities					10
Profit before taxation					26,826
Other segment information					
Capital expenditure	–	–	–	8	8
Depreciation of property, plant and equipment	–	–	–	9	9
Interest expenses	–	–	1,466	32	1,498
Interest income	7	10	219	–	236

At 31 March 2019

		Forest-related business			
	Money lending HK$'000	Sustainable forest management HK$'000	Sales of timber and wooden products HK$'000	Leasing of properties HK$'000	Total HK$'000
Segment assets	309,376	8,606	127,488	23,431	468,901
Unallocated corporate assets					2,076
					470,977
Segment liabilities	422	4,672	93,454	1,848	100,396
Unallocated:					
– Deferred tax liabilities					2,287
– Amounts received from a shareholder					200,000
– Other unallocated corporate liabilities					3,378
					306,061

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

6. SEGMENT REPORTING (continued)

Segment revenue, results, assets and liabilities (continued)

For the year ended 31 March 2018

	Money lending HK$'000	Forest-related business: Sustainable forest management HK$'000	Forest-related business: Sales of timber and wooden products HK$'000	Leasing of properties HK$'000	Total HK$'000
Segment revenue					
Revenue from external customers	5,821	3,153	16,196	750	25,920
Results					
Segment results	5,123	387	351	2,761	8,622
Unallocated corporate income					417
Unallocated corporate expenses					(8,461)
Impairment loss on harvesting rights					(1,440)
Change in fair value of financial liabilities					22,522
Profit before taxation					21,660
Other segment information					
Depreciation of property, plant and equipment	–	–	–	7	7
Interest expenses	–	3	–	361	364
Interest income	327	13	–	–	340

At 31 March 2018

	Money lending HK$'000	Forest-related business: Sustainable forest management HK$'000	Forest-related business: Sales of timber and wooden products HK$'000	Leasing of properties HK$'000	Total HK$'000
Segment assets	108,394	10,038	17,130	32,019	167,581
Unallocated corporate assets					22,880
					190,461
Segment liabilities	226	10,755	3,955	11,095	26,031
Unallocated:					
– Financial liabilities					10
– Deferred tax liabilities					2,714
– Loan from a shareholder					20,000
– Other unallocated corporate liabilities					3,438
					52,193

6. SEGMENT REPORTING (continued)

Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical locations of customers refer to the locations at which the customers reside. The geographical locations of property, plant and equipment and investment properties are based on the physical locations of the assets under consideration. In the case of intangible assets, the allocation is based on the location of the operation to which they are allocated.

	Revenue from external customers		Non-current assets	
	Year ended 31 March		At 31 March	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
People's Republic of China ("PRC")	**518,171**	–	**–**	–
Hong Kong	**23,093**	22,767	**226,188**	31,716
Asia (other than Hong Kong and the PRC)	**36,758**	–	**–**	–
Europe	**7,848**	–	**–**	–
South America	**3,244**	3,153	**6,726**	7,978
	589,114	25,920	**232,914**	39,694

Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A – revenue from sales of timber and wooden products	**1,650**	10,645
Customer B – revenue from licensing of harvesting rights	**1,973**	3,128
Customer C – revenue from sales of timber and wooden products	**12,024**	3,104
Customer D – revenue from money lending	**–***	462
Customer E – revenue from sales of timber and wooden products	**218,775**	–*
Customer F – revenue from sales of timber and wooden products	**101,476**	–*

* *No revenue was contributed from these customers for the relevant years.*

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7. REVENUE

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

	2019 **HK$'000**	2018 HK$'000
Sales of timber and wooden products	**562,777**	16,196
Interest income from money lending business	**21,276**	5,212
Arrangement fee income from money lending business	**1,043**	609
Income from licensing of harvesting rights	**3,244**	3,153
Income from leasing of properties	**774**	750
	589,114	25,920

Note:

During the year, revenue is recognised at a point in time except for interest income from money lending business, income from licensing of harvesting rights and leasing of properties which fall outside the scope of IFRS 15.

The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with IAS 18.

8. OTHER INCOME AND OTHER NET GAINS

	2019 **HK$'000**	2018 HK$'000
Other income		
Reversal of provision for litigation claim *(note)*	**1,611**	–
Others	**148**	417
	1,759	417
Other net gains		
Net gain on disposal of a subsidiary *(note 33)*	**57**	–
Change in fair value of financial liabilities *(note 25)*	**10**	22,522
	67	22,522

Note:

A claim was filed by a former director (the "Claimant") of Universal Timber Resources do Brasil Ltda. ("UTRB") against UTRB during the year ended 31 March 2014. In March 2019, the Claimant and UTRB entered into a settlement agreement, pursuant to which UTRB shall pay Brazilian Reais ("R$") 579,000 (approximately HK$1,159,000) to the Claimant as settlement amount which has been included in other payables. The reversal of over-provision for the claim of R$775,000 (approximately HK$1,611,000) was recognised during the year and included in other income.

9. PROFIT BEFORE TAXATION

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

		2019	2018
		HK$'000	*HK$'000*
(a)	**Net finance costs**		
	Finance income:		
	Interest income from bank deposits	**(242)**	(342)
	Finance costs:		
	Interest expense on bank loans and other borrowings	**1,498**	364
		1,256	22
(b)	**Staff costs (including directors' emoluments)**		
	Salaries, wages and other benefits	**5,095**	3,875
	Contributions to retirement benefits scheme	**156**	136
		5,251	4,011
(c)	**Other items**		
	Cost of inventories	**546,154**	15,484
	Depreciation of property, plant and equipment *(note 15)*	**13**	7
	Minimum lease payments under operating leases for land and buildings	**849**	697
	Impairment loss on trade receivables *(note 18)**	**324**	–
	Impairment loss on loan receivables *(note 19)**	**655**	–
	Impairment loss on harvesting rights *(note 16)**	**–**	1,440
		979	1,440
	Auditor's remuneration		
	– audit services	**1,313**	1,187
	– other services	**450**	243
		1,763	1,430
	Gross rental income from investment properties less direct outgoings of HK$104,000 (2018: HK$115,000)	**(670)**	(635)

* These items are included in "Other operating expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

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10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the chief executive's emoluments are as follows:

	2019				
	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Discretionary bonus *HK$'000*	Retirement scheme contributions *HK$'000*	Total *HK$'000*
Executive Directors					
Ms. Wang Jingyu	–	120	20	7	147
Mr. Lai Ming Wai	–	660	200	18	878
Ms. Chan Yuk Yee	–	480	200	18	698
Ms. Lai Yin Ling (resigned on 24 July 2018)	–	113	–	6	119
	–	1,373	420	49	1,842
Independent Non-executive Directors					
Mr. Yam Kwong Chun	120	–	–	–	120
Mr. Chiang Bun	120	–	–	–	120
Mr. Chai Chi Keung	120	–	–	–	120
	360	–	–	–	360
	360	1,373	420	49	2,202

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

	2018				
	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Ms. Wang Jingyu (appointed on 16 October 2017)	–	55	–	3	58
Mr. Lai Ming Wai (appointed on 1 March 2018)	–	50	–	1	51
Ms. Chan Yuk Yee (appointed on 17 November 2017)	–	161	–	7	168
Ms. Lai Yin Ling (appointed on 16 October 2017)	–	164	–	8	172
Mr. Yeung Sau Chung (re-designated as Non-executive Director on 1 March 2018)	665	–	–	33	698
Mr. Mung Wai Ming (resigned on 31 January 2018)	100	–	–	2	102
Mr. Liu Shun Chuen (resigned on 15 December 2017)	326	–	–	17	343
	1,091	430	–	71	1,592
Non-executive Director					
Mr. Yeung Sau Chung (resigned on 15 March 2018)	10	–	–	–	10
Independent Non-executive Directors					
Mr. Yam Kwong Chun (appointed on 15 December 2017)	36	–	–	–	36
Mr. Chiang Bun (appointed on 29 December 2017)	31	–	–	–	31
Mr. Chai Chi Keung (appointed on 31 January 2018)	20	–	–	–	20
Mr. William Keith Jacobsen (resigned on 29 December 2017)	89	–	–	–	89
Mr. Wu Wang Li (resigned on 31 January 2018)	100	–	–	–	100
Mr. Ng Wai Hung (resigned on 15 December 2017)	170	–	–	–	170
	446	–	–	–	446
	1,547	430	–	71	2,048

The payment of discretionary bonus to executive directors was made under the recommendation of the Remuneration Committee and was at the discretion of the Board of Directors, determined with reference to the director's performance and the Group's performance for the year.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Group. The emoluments of the non-executive director and independent non-executive directors' shown above were mainly for their services as directors of the Company.

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For the year ended 31 March 2019

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

On 6 April 2011, Mr. Leung Chau Ping, Paul was re-designated from the position as an Executive Director of the Company to a Non-executive Director and resigned as Chief Executive Officer. Since then and up to 28 February 2018, the position of chief executive had not been appointed and the functions of chief executive had been performed by the executive directors with the assistance of the management of the Company. On 1 March 2018, Mr. Lai Ming Wai was appointed as an Executive Director and Chief Executive Officer to fill the vacancy.

There was no arrangement under which a director has waived or agreed to waive any remuneration.

During the years ended 31 March 2018 and 2019, no emolument was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals during the year included two (2018: three) directors, details of whose emoluments are set out in note 10 above. The aggregate of the emoluments of the remaining three (2018: two) individuals were as follows:

	2019	2018
	HK$'000	*HK$'000*
Salaries and other emoluments	**1,060**	1,065
Discretionary bonus	**34**	–
Retirement scheme contributions	**47**	41
	1,141	1,106

The emoluments of the three (2018: two) highest paid individuals (other than the directors) were within the following bands:

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**3**	2
HK$1,000,001 to HK$1,500,000	**–**	–
	3	2

During the years ended 31 March 2018 and 31 March 2019, no emolument was paid by the Group to such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE/(CREDIT)

(a) Income tax expense/(credit) in the consolidated statement of profit or loss and other comprehensive income represents:

	2019	2018
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax		
– current tax	**454**	–
– under-provision in prior years	**–**	226
Deferred tax		
– Reversal of temporary differences *(note 27)*	**–**	(431)
Income tax expense/(credit)	**454**	(205)

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$2,000,000 of profits of the qualifying corporation will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the year ended 31 March 2019, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax regime for the qualifying corporation and the remaining corporations are calculated at a flat rate of 16.5% (2018: 16.5%)

Brazil income tax is charged at 34% (2018: 34%) on the estimated assessable profits arising in Brazil. No Brazil income tax has been provided for the year ended 31 March 2019 since the assessable profit is wholly absorbed by tax losses brought forward. There was no assessable profit for the year ended 31 March 2018.

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12. INCOME TAX EXPENSE/(CREDIT) (continued)

(b) Reconciliation between income tax expense/(credit) and accounting profit at applicable tax rates:

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation	**26,826**	21,660
Notional tax on profit before taxation, calculated at the rates applicable to the countries concerned	**5,104**	3,647
Tax effect of non-taxable income	**(1,155)**	(4,204)
Tax effect of non-deductible expenses	**158**	300
Tax effect of unused tax losses not recognised	**260**	829
Tax effect arising from reversal of temporary differences recognised	**–**	(431)
Tax effect of temporary differences not recognised	**(58)**	(82)
Utilisation of previously unrecognised tax losses	**(3,855)**	(490)
Under-provision in prior years	**–**	226
Income tax expense/(credit)	**454**	(205)

13. DIVIDENDS

The directors of the Company do not recommend the payment or declaration of any dividend for the year ended 31 March 2019 (2018: nil).

14. EARNINGS PER SHARE

(a) The calculation of basic and diluted earnings per share is based on the profit attributable to the owners of the Company as follows and the reconciliation of the weighted average number of shares as shown in note 14(b):

	2019	2018
	HK$'000	*HK$'000*
Profit		
Profit for the purpose of calculating basic and diluted earnings per share	**26,372**	21,865

(b) Weighted average number of shares

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**9,105,708**	8,916,189
Effect of dilutive potential ordinary shares arising from conversion of convertible preferred shares	**106,283**	106,283
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**9,211,991**	9,022,472

For the year ended 31 March 2019, as the exercise price of the warrants (2018: warrants and share options) exceeded the average market price of the ordinary shares of the Company during the period before they expired on 6 May 2018, they had no dilutive effect in calculating the diluted earnings per share.

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15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$'000	Machinery, engineering and other equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2017	478	2,363	1,740	4,581
Additions	7	–	–	7
At 31 March 2018 and 1 April 2018	485	2,363	1,740	4,588
Additions	33	–	–	33
Disposals	(1)	–	–	(1)
At 31 March 2019	**517**	**2,363**	**1,740**	**4,620**
Accumulated depreciation and impairment losses				
At 1 April 2017	456	2,363	1,740	4,559
Charge for the year	7	–	–	7
At 31 March 2018 and 1 April 2018	463	2,363	1,740	4,566
Charge for the year	13	–	–	13
Disposals	(1)	–	–	(1)
At 31 March 2019	**475**	**2,363**	**1,740**	**4,578**
Carrying amounts				
At 31 March 2019	**42**	**–**	**–**	**42**
At 31 March 2018	22	–	–	22

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16. INTANGIBLE ASSETS

	Money lenders licence *HK$'000*	Harvesting rights *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2017	94	102,186	102,280
Exchange realignment	–	(7,222)	(7,222)
At 31 March 2018 and 1 April 2018	94	94,964	95,058
Exchange realignment	–	(14,954)	(14,954)
At 31 March 2019	**94**	**80,010**	**80,104**
Accumulated impairment loss			
At 1 April 2017	–	92,345	92,345
Impairment	–	1,440	1,440
Exchange realignment	–	(6,799)	(6,799)
At 31 March 2018 and 1 April 2018	–	86,986	86,986
Exchange realignment	–	(13,702)	(13,702)
At 31 March 2019	**–**	**73,284**	**73,284**
Carrying amounts			
At 31 March 2019	**94**	**6,726**	**6,820**
At 31 March 2018	94	7,978	8,072

Notes:

(i) The Group acquired the money lenders licence through the acquisition of Asset Bridge Development Limited (now known as Reliance Credit Limited). The recoverable amount of the money lenders licence at 31 March 2019 was HK$94,000 (2018: HK$94,000) and no impairment was provided for the years ended 31 March 2019 and 2018.

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16. INTANGIBLE ASSETS (continued)

Notes: (continued)

(ii) The Group's forest assets, acquired through the business combination of Amplewell Holdings Limited and its subsidiaries during the year ended 31 March 2010, are located in the Northwest of Brazil, the State of Acre, Amazon Region (the "Brazil Forest"). The Brazil Forest was initially recognised as freehold land and biological assets at acquisition. The total area of the Brazil Forest is approximately 44,500 hectares. Under the environmental laws in Brazil, approximately 20% or 8,939 hectares of the Brazil Forest area is the permanent preservation area and therefore is restricted from logging. Approximately 80% of the remaining area is designated as the sustainable forest management area and the balance is the permissible clear cut area that has no restriction on felling under the environmental laws of Brazil. In the sustainable forest management area, minimum impact logging techniques are used and forests are managed in a sustainable manner which means that the harvesting rate is below the overall natural growth of the forest. The main objective in the sustainable forest management program is to ensure the substance of the forests be preserved. The maximum logging rate allowed under relevant regulations governing sustainable forest management is 30 cubic meters per hectare, on average, over a 25 to 30 year harvesting cycle.

Since the Group suspended its harvesting operations in the State of Acre, Brazil due to the unfavourable business environment in 2012, the Group had continued to explore the optimal way to enhance the income stream from its forest assets. However, due to the unstable economic environment in Brazil and in view of the possibility of facing similar extortion threats from local parties in Brazil as the Group had experienced in previous years, operating the forest assets through own harvesting was still considered to be unfavourable to the Group.

The Board of Directors decided to change the operation model of the Group's forest assets from own harvesting to licensing of harvesting rights in June 2014. Since then, the Group has been actively looking for potential tenants for its forest assets. With the continuous efforts of the Group to procure potential and quality tenants, up to 31 March 2018, the Group had successfully granted licenses for approximately 23,000 hectares of its forest assets, and during the year ended 31 March 2019, the Group had granted licenses for an additional approximately 5,000 hectares of its forest assets, with the result that, at 31 March 2019, the Group had successfully granted licenses for approximately 28,000 hectares or over 60% of its forest assets and has also demonstrated the feasibility of the Group's business plan in licensing the harvesting rights of its forest assets. In view of this change in operation model of the Group's forest assets from own harvesting to licensing of harvesting rights to independent third parties, which was the most feasible business plan in light of the then prevailing circumstances, during the year ended 31 March 2017, the Group considered it was appropriate to classify its forest assets as intangible assets representing harvesting rights, instead of classified as biological assets and freehold land.

In assessing the carrying value of the Group's forest assets at 31 March 2019 and 2018, the Group engaged Greater China Appraisal Limited, an independent professional valuer, which had adopted the income approach in valuing the forest assets. The forest assets was valued at HK$6,726,000 (2018: HK$7,978,000) at 31 March 2019 and no impairment loss was required to be recognised for the current year (2018: impairment loss of HK$1,440,000).

16. INTANGIBLE ASSETS (continued)

Notes: (continued)

(ii) (continued)

The income approach is adopted by the independent professional valuer in valuing the Group's forest assets mainly because (i) the business model of the forest assets has been transformed from own harvesting to licensing of harvesting rights and the Company's management considered it is feasible and determined to operate the licensing of harvesting rights business, accordingly, it is reasonable that the fair value of the forest assets should be determined by their ability to generate a stream of economic benefits in future; and (ii) the economic benefit streams of the forest assets can be identified based on contracts signed or under negotiation and there is a reasonable future projection based on such information.

Under the income approach, the discounted cash flow ("DCF") methodology is used in determining the fair value of the forest assets, which requires a number of assumptions and forecasts, including revenue forecast, operating expenses forecast and capital expenditure forecast. DCF methodology requires an explicit forecast of the future economic benefit streams over a reasonably foreseeable short-term period and an estimate of a long-term benefit stream that is stable and sustainable. Accordingly, the value of the intangible assets is estimated based on (i) the discounted cash flow on the future economic benefit streams of the forest assets for the five years ending 31 March 2024 with forecast licensing income based on signed contracts and contracts expected to be concluded, and forecast operating expenses and capital expenditure based on budgets; (ii) the discount rate of 16.52% (2018: 16.71%), which is determined based on the weighted average cost of capital method with reference to the cost of equity of 20.28% (2018: 19.84%) and cost of debt of 5.06% (2018: 5.06%); and (iii) a discount for lack of marketability of 25% (2018: 25%).

17. INVESTMENT PROPERTIES

The Group's property interests held to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

	2019 ***HK$'000***	2018 *HK$'000*
At fair value		
Balance at beginning of the year	**31,600**	29,023
Changes in fair value	**2,180**	2,577
Disposal of a subsidiary *(note 33)*	**(10,880)**	–
Transferred to assets classified as held-for-sale *(note 22)*	**(22,900)**	–
Balance at end of the year	**–**	31,600

17. INVESTMENT PROPERTIES (continued)

All of the Group's investment properties are situated in Hong Kong and are held under medium-term leases.

The investment properties are leased to third parties under operating leases, further details of which are included in note 36(b) to the consolidated financial statements.

All of the Group's investment properties were pledged to secure bank loans granted to the Group (note 24) at 31 March 2018, which were fully settled during the year ended 31 March 2019.

At 31 March 2019, investment properties held by the Group were reclassified as assets classified as held-for-sale following the Company's decision to enter into agreements to dispose of the properties in February and March 2019 respectively.

(a) Fair value measurement of investment properties and investment properties reclassified as assets classified as held-for-sale

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties and investment properties reclassified as assets classified as held-for-sale measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 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.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

		Fair value measurements at 31 March 2019 categorised into		
	Fair value at 31 March 2019 HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement				
Investment properties reclassified as assets classified as held-for-sale in Hong Kong	**23,380**	–	**23,380**	–

17. INVESTMENT PROPERTIES (continued)

(a) Fair value measurement of investment properties (continued)

(i) Fair value hierarchy (continued)

	Fair value at 31 March 2018 *HK$'000*	Fair value measurements at 31 March 2018 categorised into		
		Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*
Recurring fair value measurement				
Investment properties in Hong Kong	31,600	–	31,600	–

During the years ended 31 March 2019 and 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of the fair value hierarchy at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2

Fair value measurements

All of the Group's investment properties and investment properties reclassified as assets classified as held-for-sale were valued at 31 March 2019 using the market comparison approach by making reference to recent sales price of comparable properties on a price per square foot basis based on market data which are publicly available. The investment properties were valued by Memfus Wong Surveyors Limited, an independent professional valuer, who has a recognised and relevant professional qualification and recent experience in the location and category of properties being valued.

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18. TRADE AND OTHER RECEIVABLES

	Notes	2019 HK$'000	2018 HK$'000
Trade receivables		**51,990**	8,147
Less: impairment allowance		**(324)**	–
	(i)	**51,666**	8,147
Bill receivables discounted with full recourse	*(ii)*	**48,151**	–
Interest receivables		**2,142**	955
Other receivables		**236**	1,873
Financial assets at amortised costs		**102,195**	10,975
Trade and logging deposits	*(iii)*	**5,095**	8,441
Other deposits and prepayments		**1,939**	1,447
		109,229	20,863

Notes:

(i) Trade receivables

The aging analysis of the Group's trade receivables at the end of the reporting period, based on invoice date, and net of impairment allowance, is as follows:

	2019 HK$'000	2018 HK$'000
0 to 30 days	**46,362**	8,147
31 to 90 days	**207**	–
Over 90 days	**5,097**	–
	51,666	8,147

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance and cash on delivery are normally required. Invoices are normally payable between 30 and 90 days after issuance. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

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18. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(i) Trade receivables (continued)

At 31 March 2019, trade receivables with aggregate carrying amount of HK$4,878,000 (net of impairment allowance) were past due. Out of the past due balance, HK$1,139,000 had been past due for 90 days or more but was subsequently settled after the reporting date. The Group does not hold any collateral over the balances (2018: trade receivables of HK$8,147,000 that were neither past due nor impaired related to customers for whom there were no recent history of default).

Further details on the Group's ECL assessment, credit policy and credit risk arising from trade receivables are set out in note 35(a).

(ii) Bill receivables discounted with full recourse

At 31 March 2019, the amounts represented bill receivables discounted to a bank with full recourse with a maturity period of less than 90 days. The Group recognised the full amount of the discounted proceeds as liabilities as set out in note 24.

The following were the Group's financial assets at 31 March 2019 and 31 March 2018 that were transferred to a bank by discounting those receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as a secured borrowing. These financial assets were carried at amortised cost in the Group's consolidated statement of financial position.

	2019	2018
	HK$'000	*HK$'000*
Carrying amount of the transferred assets	**48,151**	–
Carrying amount of the associated liabilities	**(48,151)**	–
	–	–

(iii) Trade and logging deposits

At 31 March 2019, the trade and logging deposits of approximately HK$5,095,000 (2018: HK$8,441,000 for the purchase of inventories) were prepaid for the logging and operating costs in relation to the Group's sales of timber and wooden products business.

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19. LOAN RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**296,533**	105,468
Less: impairment allowance	**(655)**	–
	295,878	105,468
Analysed as:		
Current portion	**76,078**	105,468
Non-current portion	**219,800**	–
	295,878	105,468
Analysed as:		
Secured	**250,234**	35,468
Unsecured	**45,644**	70,000
	295,878	105,468

19. LOAN RECEIVABLES (continued)

All loans were denominated in Hong Kong dollars. At 31 March 2019, the loan receivables carrying interest rates ranging from 8.75% to 18% per annum (2018: 6.5% to 15% per annum).

Before granting loans to potential borrowers, the Group uses credit assessment process to assess the potential borrowers' credit quality and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment includes evaluation of collectability, aging analysis of account and current creditworthiness, collateral and past collection history of each borrower under the Group's credit risk rating system.

In determining the recoverability of loan receivables on a collective basis, the Group considers any change in the credit quality of the loan receivables from the date the credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

Upon initial application of IFRS 9 during the year, the directors of the Company are of the view that there have been no significant increase in credit risk nor default risk of the loan receivables since their initial recognition.

At 31 March 2019, the loan receivables of HK$250,234,000 (2018: HK$35,468,000) were secured by borrowers' properties. At the end of the reporting period, the loan receivables with total principal amount of HK$296,533,000 (2018: HK$105,468,000) were not past due.

At the end of each reporting period, the Group's loan receivables were individually and collectively assessed for impairment. The Group provided impairment allowance of HK$655,000 for the year (2018: nil).

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20. FINANCE LEASE RECEIVABLES

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprise:				
Within one year	**4,737**	–	**3,923**	–
After one year but within five years	**6,827**	–	**6,252**	–
	11,564	–	**10,175**	–
Less: unearned finance income	**(1,389)**	–	**–**	–
	10,175	–	**10,175**	–
Analysed for reporting purposes as:				
Current assets			**3,923**	–
Non-current assets			**6,252**	–
			10,175	–

The Group's finance lease receivables were denominated in Hong Kong dollars. At 31 March 2019, the effective interest rate of the finance lease receivables ranging from 8.75% to 11% per annum (2018: nil).

In the event that an instalment repayment of a finance lease receivable is past due, the entire outstanding balance of the finance lease receivable will be classified as past due. At 31 March 2019, all finance lease receivables were neither past due nor impaired (2018: nil).

Finance lease receivables are secured by leased assets and customers' deposits. Customers' deposits are collected and calculated based on certain percentage of the entire value of the lease contract. The deposits are returned to the customers by instalments over the lease contract or in full at the end of the lease period according to the terms of the lease contract. When the lease contract expires and all liabilities and obligations under the lease contract have been fulfilled, the lessor must return the full lease deposits to the lessee. The balance of the customers' deposits can also be applied and used to settle any outstanding lease payments under the lease contract. At 31 March 2019, customers' deposits of HK$324,000 (2018: nil) were received in advance. There was no unguaranteed residual value of leased assets and no contingent rent arrangement that needed to be recognised for the year ended 31 March 2019 (2018: nil).

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Group comprised bank balances and cash held by the Group of HK$25,433,000 (2018: HK$24,436,000). The carrying amounts of these assets approximate to their fair values.

22. ASSETS CLASSIFIED AS HELD-FOR-SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD-FOR-SALE

Bluestone Investment Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement on 21 February 2019 and 18 March 2019 respectively for the disposal of two investment properties in total located in Hong Kong at a cash consideration of HK$12,380,000 and HK$11,000,000. Each of the purchasers is an independent third party of the Group. Investment properties with total carrying value of HK$22,900,000 (note 17) was reclassified as assets classified as held-for-sale following the Company's decision to dispose of the properties. The properties were subsequently revalued at a fair value of HK$23,380,000 at 31 March 2019, accordingly, a valuation gain of HK$480,000 was recognised during the year. The first disposal was completed in April 2019 and the second disposal is expected to be completed in June 2019.

	2019
	HK$'000
Assets classified as held-for-sale	
Investment properties reclassified as assets classified as held-for-sale	**23,380**
Prepayments and deposits	**20**
	23,400
Liabilities directly associated with assets classified as held-for-sale	
Deposits received for the disposals	**(1,238)**
Rental deposits received, accruals and receipt in advance	**(598)**
	(1,836)

For the fair value measurement of investment properties reclassified as assets classified as held-for-sale, please refer to note 17.

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23. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables *(note)*	**37,490**	3,951
Other payables and accruals	**15,004**	13,645
	52,494	17,596

Note:

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

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**37,490**	3,951

24. BANK LOANS AND BORROWINGS

		2019	2018
	Notes	***HK$'000***	*HK$'000*
Secured bank loans	*(i)*	**–**	10,848
Advances drawn on bill receivables discounted with full recourse	*(ii)*	**48,151**	–
		48,151	10,848

Notes:

(i) The secured bank loans were fully settled during the year. At 31 March 2018, the Group's bank loans were secured by mortgages over the Group's investment properties of HK$31,600,000 (note 17) in Hong Kong.

(ii) The amount represented the Group's borrowings secured by the bill receivables discounted to a bank with full recourse (note 18(ii)), and the amount was repayable within one year.

24. BANK LOANS AND BORROWINGS (continued)

The analysis of the carrying amount of bank loans and borrowings is as follows:

	2019	2018
	HK$'000	*HK$'000*
The carrying amount of bank loans and borrowings that do not contain a repayable on demand clause:		
Within one year	–	240
Within a period of more than one year but not exceeding two years	–	245
Within a period of more than two years but not exceeding five years	–	769
Within a period of more than five years	–	5,814
	–	7,068
The carrying amount of bank loans and borrowings that contain a repayable on demand clause (classified under current liabilities):		
Within one year	**48,151**	132
Within a period of more than one year but not exceeding two years	–	135
Within a period of more than two years but not exceeding five years	–	414
Within a period of more than five years	–	3,099
	–	3,780
	48,151	10,848
Less: amounts shown under current liabilities	**(48,151)**	(4,020)
Amounts shown under non-current liabilities	–	6,828

At 31 March 2018, the amounts due were based on the scheduled repayment dates as stipulated in the respective loan agreements.

24. BANK LOANS AND BORROWINGS (continued)

All of the banking facilities are subject to the fulfilment of covenants. If the Group is in breach of the covenants, the drawn down facilities will become repayable on demand. In addition, certain of the Group's bank loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group had complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with the covenants of the banking facilities, is up to date with the scheduled repayments of the term loans (where applicable) and does not consider it is probable that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements. At 31 March 2019, none of the covenants relating to drawn down facilities had been breached (2018: nil).

All of the bank loans are carried at amortised cost.

25. FINANCIAL LIABILITIES

	2019	2018
	HK$'000	*HK$'000*
Balance at beginning of the year	**10**	22,532
Exercise of warrants	**–**	–
Change in fair value	**(10)**	(22,522)
Balance at end of the year	**–**	10

The warrants were classified as derivative financial liabilities as they were not settled by a fixed amount of cash for a fixed number of the Company's own equity instruments and were measured at fair value at the end of the reporting period. At 31 March 2018, the valuation was carried out by an independent valuer based on the Black Scholes Option Pricing Model. The warrants expired on 6 May 2018.

26. AMOUNTS RECEIVED FROM A SHAREHOLDER/LOAN FROM A SHAREHOLDER

The amounts received from a shareholder, Champion Alliance, which was accounted for as a loan from a shareholder initially, is unsecured, interest-free and repayable on twelve months from the date of the loan facility agreement, extendable for another twelve months and subsequent twelve month period(s), or on such other date at the request of the Company and agreed by the shareholder in writing. On 1 February 2019, the shareholder confirmed that the amount due to it up to HK$200,000,000 will be fully utilised for the subscription of new shares under a fund raising exercise to be conducted by the Company for the purpose of enlarging its capital base, such fund raising exercise is subject to the approval of the Stock Exchange. In the case of failing to get the approval, Champion Alliance has undertaken not to demand for repayment of the amount due to it (which is unsecured and interest-free) until the Group is financially viable to do so.

27. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movement during the year is as follows:

	Total **HK$'000**
At 1 April 2017	3,283
Credit to profit or loss	(431)
Exchange realignment	(138)
At 31 March 2018 and 1 April 2018	**2,714**
Exchange realignment	**(427)**
At 31 March 2019	**2,287**

At 31 March 2019, the Group had unused tax losses of approximately HK$35,548,000 (2018: HK$51,382,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax asset has not been recognised in respect of unused tax losses due to the unpredicitability of future profit streams. The tax losses may be carried forward indefinitely.

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28. SHARE CAPITAL

	Notes	Number of ordinary shares of HK$0.01 per share *(note (i))* *'000*	*HK$'000*	Number of convertible preferred shares of HK$0.01 per share *(note (ii))* *'000*	*HK$'000*	Total *HK$'000*
Authorised:						
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019		**30,000,000**	**300,000**	**27,534,000**	**275,340**	**575,340**
Issued and fully paid:						
At 1 April 2017		8,910,242	89,103	9,655,527	96,555	185,658
Conversion of convertible preferred shares	*(iii)*	195,453	1,954	(6,254,472)	(62,544)	(60,590)
At 31 March 2018 and 1 April 2018		**9,105,695**	**91,057**	**3,401,055**	**34,011**	**125,068**
Shares issued upon exercise of ordinary share warrants	*(iv)*	**15**	–	–	–	–
At 31 March 2019		**9,105,710**	**91,057**	**3,401,055**	**34,011**	**125,068**

Notes:

(i) Ordinary shares

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Convertible preferred shares

The non-voting convertible preferred shares (the "Convertible Preferred Shares") can be converted into ordinary shares of the Company at any time after issue. The Convertible Preferred Shares shall at all times rank equally among themselves, upon exercise of the conversion right attaching to the Convertible Preferred Shares, the ordinary shares issued pursuant to the conversion shall rank pari passu with all other ordinary shares of the Company then in issue with respect to the right to any dividends or distributions declared.

28. SHARE CAPITAL (continued)

Notes: (continued)

(ii) Convertible preferred shares (continued)
The following are the other major terms of the Convertible Preferred Shares:

In the event of liquidation, dissolution or winding up, or merger, or reorganisation that will result in any distribution of assets of the Company to the existing shareholders of the Company, the holders of the Convertible Preferred Shares will receive an amount equal to 100% of the face value of the Convertible Preferred Shares. In addition, the ranking of the Convertible Preferred Shares is higher than ordinary shares, but lower than creditor in the case of liquidation.

The holder of each Convertible Preferred Shares shall not have any voting rights save where the Company proposes to pass a resolution to vary the rights attached to the Convertible Preferred Shares or for the winding up or dissolution of the Company. The Convertible Preferred Shares shall be non-redeemable and will not be listed on any stock exchange.

Each Convertible Preferred Share shall be convertible at the option of the holders at any time after issue, provided that (i) any conversion of the Convertible Preferred Shares shall not result in the aggregate voting rights in the Company held by the relevant holder of the Convertible Preferred Shares who exercises the conversion rights and parties acting in concert with it exceeding 29.9%, or such other percentage as may then be the maximum percentage (to one decimal place) of issued shares of the Company it could then acquire without being required to make a mandatory general offer for the shares of the Company under the Hong Kong Code on Takeovers and Mergers or (ii) any conversion of the Convertible Preferred Shares shall not result in the public float of the shares of the Company falling below the minimum requirements of the Listing Rules.

(iii) During the year ended 31 March 2018, an aggregate of approximately 195,453,000 ordinary shares of HK$0.01 each of the Company were issued upon conversion of approximately 6,254,472,000 convertible preferred shares of HK$0.01 each, pursuant to which approximately HK$1,954,000 was credited to share capital and the balance of approximately HK$60,590,000 was credited to share premium account.

(iv) During the year ended 31 March 2019, an aggregate of 14,502 ordinary shares of HK$0.01 each of the Company were issued upon conversion of ordinary share warrants at subscription price of HK$0.085 per share and at aggregate subscription price of approximately HK$1,233, of which approximately HK$145 was credited to share capital and the balance of approximately HK$1,088 was credited to share premium account.

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29. SHARE OPTION SCHEME

The Company adopted a share option scheme ("Scheme") pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting held on 27 November 2009. The principal terms of the Scheme are as follows:

(a) Purpose

The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operation and to recruit and retain high caliber employees and attract human resources that are valuable to the Group and any entity which any member of the Group holds any equity interest ("Invested Entity").

(b) Eligible participants

Eligible participants of the Scheme include the Company's directors and other employees of the Group or Invested Entity, any customer, supplier of goods or services to any member of the Group or any Invested Entity who, in the sole discretion of the Board of Directors have contributed or will contribute to the growth and development of the Group or any Invested Entity.

(c) Maximum number of shares

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Scheme must not exceed 10% of the total number of issued ordinary shares of the Company at the date of passing the ordinary resolution on 11 April 2012 (being the date on which the mandate limit of the Scheme was refreshed). There were no outstanding share options at 31 March 2019 and 2018.

(d) Maximum entitlement of each eligible participant

The maximum number of shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the total number of ordinary shares of the Company in issue at any time.

Any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the ordinary shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in excess of 0.1% of the ordinary shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5,000,000 within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

(e) Option period

An option shall be exercised within 10 years from the date of grant or such shorter period as the directors may specify at the time of grant.

29. SHARE OPTION SCHEME (continued)

(f) Acceptance of offer

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

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

(g) Exercise price

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

(h) The validity of the Scheme

The Scheme has a life of 10 years and will expire on 27 November 2019 unless otherwise terminated in accordance with the terms of the Scheme.

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29. SHARE OPTION SCHEME (continued)

(h) The validity of the Scheme (continued)

Movements in the number of share options for the year ended 31 March 2018 are as follows:

Date of grant	Exercise period	Exercise price per share	Outstanding at 1 April 2017	Granted	Exercised	Lapsed	Outstanding at 31 March 2018
13 January 2010	13 January 2011 to 12 January 2020	HK$1.497	117,731	–	–	(117,731)	–
13 January 2010	13 January 2012 to 12 January 2020	HK$1.497	117,731	–	–	(117,731)	–
13 January 2010	13 January 2013 to 12 January 2020	HK$1.497	117,731	–	–	(117,731)	–
7 May 2010	13 January 2011 to 6 May 2020	HK$1.131	176,331	–	–	(176,331)	–
7 May 2010	13 January 2012 to 6 May 2020	HK$1.131	176,331	–	–	(176,331)	–
7 May 2010	13 January 2013 to 6 May 2020	HK$1.131	176,333	–	–	(176,333)	–
14 September 2010	14 September 2010 to 27 November 2019	HK$0.597	125,565	–	–	(125,565)	–
30 August 2013	30 August 2013 to 29 August 2023	HK$0.085	52,316,838	–	–	(52,316,838)	–
			53,324,591	–	–	(53,324,591)	–

The share options granted were vested with the grantees on the commencement date of each respective exercise period.

No other share option was granted, exercised or cancelled during the years ended 31 March 2018 and 2019.

All outstanding share options were lapsed during the year ended 31 March 2018 and there were no outstanding share options at 31 March 2018 and 2019.

30. RESERVES

(a) Nature and purposes of the reserves

(i) Share premium

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981 (as amended). The share premium account of the Company is distributable to the owners of the Company in the form of fully paid bonus shares.

(ii) Contributed surplus

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in June 1991, over the nominal value of the Company's shares issued in exchange thereof, and the effect of the capital reorganisation during the year ended 31 March 2014. Under the Bermuda Companies Act 1981 (as amended), the contributed surplus is distributable to shareholders in certain circumstances.

(iii) Distributable reserve

Pursuant to a special resolution passed on 15 July 2003, the share premium account of the Company was reduced by an amount of HK$103,948,000 to nil and of which HK$98,953,000 was applied towards the elimination of the accumulated losses of the Company at 31 March 2003, with the remaining balance of HK$4,995,000 being initially credited to the distributable reserve of the Company. The reduction of share premium account was effective on 6 October 2003.

(iv) Capital redemption reserve

The capital redemption reserve represents the amount paid by which the Company's issued share capital was diminished upon the cancellation of the shares repurchased.

(v) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the overseas subsidiaries.

(vi) Share option reserve

Share option reserve represents the portion of the grant date fair value of unexercised share options granted to directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 3(p)(iii).

(vii) Shares held by Company for settlement of acquisition consideration

The Company issued shares for the acquisition of the interest in Originate Tech Global Investment Limited ("Originate Tech") during the year ended 31 March 2012. Pursuant to the settlement between the Company and the vendor in relation to the acquisition of interests in Originate Tech during the year ended 31 March 2013, resulted from the failure of the vendor in meeting the net profit guarantee, 46,666,666 ordinary shares of the Company (after share consolidation and capital reorganisation in previous years) (the "Returned Ordinary Shares") were returned to the Group awaiting disposal with proceeds to be returned to the Group. During the year ended 31 March 2019, 540,000 Returned Ordinary Shares, valued at HK$2.484 (the adjusted issue price) per share, amounting to approximately HK$1,341,000, were disposed of and a loss of approximately HK$1,331,000 was debited to the accumulated losses. At the end of the reporting period, 46,126,666 Returned Ordinary Shares, valued at HK$2.484 (the adjusted issue price) per share, amounting to approximately HK$114,579,000 were held by the Group awaiting disposal.

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31. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The capital structure of the Group consists of debt, which includes bank loans and borrowings, amounts received from a shareholder and equity attributable to the owners of the Company, comprising issued share capital and reserves.

During the year ended 31 March 2019, the Group's strategy in managing capital structure remains unchanged from the prior year.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amounts received from a shareholder/ loan from a shareholder *HK$'000*	**Bank loans and borrowings** *HK$'000*	**Financial liabilities** *HK$'000*	**Total** *HK$'000*
At 1 April 2017	–	23,302	22,532	45,834
Financing cash flows	20,000	–	–	20,000
Repayment of bank loans and borrowings	–	(12,454)	–	(12,454)
Change in fair value	–	–	(22,522)	(22,522)
At 31 March 2018 and 1 April 2018	**20,000**	**10,848**	**10**	**30,858**
Financing cash flows	**180,000**	**48,151**	**–**	**228,151**
Repayment of bank loans and borrowings	**–**	**(10,848)**	**–**	**(10,848)**
Change in fair value	**–**	**–**	**(10)**	**(10)**
At 31 March 2019	**200,000**	**48,151**	**–**	**248,151**

33. DISPOSAL OF A SUBSIDIARY

On 1 December 2018, Good Magic Limited entered into a sale and purchase agreement with an independent third party to dispose of the entire shareholding interest in, and the shareholder's loan to, a former wholly owned subsidiary, Champ Country Limited (the "Disposed Company"), at a cash consideration of HK$10,880,000. The major asset of the Disposed Company was an investment property located in Hong Kong. The disposal was completed on 15 February 2019 and the net gain on disposal of the subsidiary was HK$57,000.

The net assets of the Disposed Company at the date of disposal was as follows:

	HK$'000
Investment property *(note 17)*	**10,880**
Prepayments	**2**
Deposit received and receipt in advance	**(59)**
	10,823
Cash consideration received	**10,880**
Net assets disposed of	**(10,823)**
Net gain on disposal of a subsidiary	**57**
Cash inflow arising on disposal of a subsidiary	
Cash consideration received	**10,880**

34. CATEGORIES OF FINANCIAL INSTRUMENTS

	2019 ***HK$'000***	2018 *HK$'000*
Financial assets		
Financial assets at amortised cost	**433,681**	–
Loans and receivables (including cash and cash equivalents)	**–**	140,879
Financial liabilities		
Amortised cost	**100,645**	21,626

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk and ECL assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to trade receivables, loan receivables and finance lease receivables. Credit risks associated with loan receivables and finance lease receivables are mitigated by the security over collaterals and/or guarantees. The Group does not hold any collateral or other credit enhancements to cover the credit risks associated with other financial assets whose carrying amounts best represent the maximum exposure to credit risk.

Trade receivables

At 31 March 2019, the Group had concentration of credit risk on trade receivables as 81% (2018: 100%) of the total trade receivables was due from the Group's five largest customers within the sales of timber and wooden products segment. There was no trade receivables due from the Group's largest customer at 31 March 2019 (2018: 53%).

For trade receivables, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade receivables, 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 take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 and 90 days from the date of billing.

In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 (2018: incurred loss model) on trade balances individually. The management performs periodic evaluations on customer to ensure the Group's exposure to bad debts is not significant. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

Loan receivables

At 31 March 2019, the Group had no significant concentration of credit risk on loan receivables, as 30% (2018: 63%) of the total loan receivables was due from the five (2018: five) largest borrowers. The largest borrower of the Group by itself accounted for approximately 8% (2018: 13%) of the Group's loan receivables. Nevertheless, the whole amount is considered recoverable given there are sufficient collaterals to cover the entire balance.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment includes evaluation of collectability, aging analysis of account and current creditworthiness, collateral and past collection history of each borrower under the Group's credit risk rating system.

In determining the recoverability of the loan receivables on a collective basis, the Group considers any change in the credit quality of the loan receivables from the date the credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

The total carrying amount of the loan receivables amounted to HK$295,878,000 (2018: HK$105,468,000) at the end of the reporting period. The Group considered the secured loans of HK$250,234,000 (2018: HK$35,468,000) are recoverable given the fair values of the collaterals are sufficient to cover the entire secured loan receivables collectively. As for the unsecured and guaranteed loans of HK$45,644,000 (2018: HK$70,000,000), the Group considered the amounts are recoverable as the loans were borrowed by borrowers with good credit history. Impairment allowances on outstanding loan receivables are determined by an evaluation of financial background, as well as financial condition of the borrower and the anticipated receipts for that individual loan, at the end of the reporting period.

The directors of the Company are responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In view of the above, the directors of the Company consider that the Group's credit risk is significantly reduced.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

Finance lease receivables

For finance lease receivables, the credit risk is low because the balances are not past due and the counterparties have pledged the leased assets to the Group which reduces the Group's exposure when the lessees default. The amount of ECL is immaterial based on the estimated loss rates.

Other financial assets measured at amortised cost

The credit risk of other financial assets is managed through an internal process. The Group closely monitors the outstanding amounts of other financial assets at amortised costs and identifies any credit risk in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider the Group's credit risk is significantly reduced.

ECL assessment

The Group's internal credit grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Performing	The counterparty has a low to moderate risk of default and its credit risk has not increased significantly since initial recognition.	Lifetime ECL (not credit-impaired)	12m ECL
Underperforming	There have been significant increases in credit risk since initial recognition through information developed internally or externally.	Lifetime ECL (not credit-impaired)	Lifetime ECL (not credit-impaired)
Non-performing	There is evidence indicating that the asset is credit impaired.	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

ECL assessment (continued)

The table below set out the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2019	*Notes*	Internal credit rating	12m or lifetime ECL	Gross carrying amount *HK$'000*
Trade receivables *(note (i))*	*18*	Performing/ underperforming	Lifetime ECL (not credit-impaired)	51,990
Loan receivables *(note (ii))*	*19*	Performing	12m ECL	296,533
Finance lease receivables *(note (ii))*	*20*	Performing	12m ECL	10,175
Other financial assets *(note (iii))*	*18*	Performing	Lifetime ECL (not credit-impaired)	50,529
Cash and cash equivalents	*21*	*(note (iv))*	12m ECL	25,433

Notes:

(i) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance on lifetime ECL basis.

(ii) As part of the Group's credit risk management, the Group applies internal credit rating for its borrowers. The ECL rates are estimated based on its credit rating, past and current default record and current past due exposure of the borrower. None of the amount was past due at 31 March 2019.

(iii) For the purposes of internal credit risk management, the Group uses historical past due experience and forward looking information to assess whether credit risk has increased significantly since initial recognition. At 31 March 2019, gross amount of other financial assets of HK$330,000 was past due. Thus, the overall impact of ECL allowance is minimal, without undue cost.

(iv) Cash and cash equivalents were cash placed with financial institutions in Hong Kong. Financial institutions in Hong Kong are governed by Hong Kong Monetary Authority. In view of the stable bank system in Hong Kong, the ECL is expected to be very minimal and close to zero. Thus, the overall impact of ECL allowance is minimal, without undue cost.

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35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

ECL assessment (continued)

The following table shows reconciliation of loss allowances that have been recognised for trade receivables and loan receivables:

	Lifetime ECL (not credit-impaired) trade receivables *HK$'000*	12m ECL loan receivables *HK$'000*
Balance at 1 April 2017, 31 March 2018 under IAS 39	–	–
Impact on initial application of IFRS 9 *(note 4)*	–	–
Adjusted balance at 1 April 2018	–	–
Impairment losses recognised during the year	324	655
Balance at 31 March 2019	**324**	**655**

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to parent company's board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

2019

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables	**52,494**	**–**	**–**	**–**	**52,494**	**52,494**
Bank loans and borrowings	**48,151**	**–**	**–**	**–**	**48,151**	**48,151**
Amounts received from a shareholder	**200,000**	**–**	**–**	**–**	**200,000**	**200,000**
	300,645	**–**	**–**	**–**	**300,645**	**300,645**

2018

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Trade and other payables	17,596	–	–	–	17,596	17,596
Bank loans and borrowings	4,850	393	1,179	6,436	12,858	10,848
Loan from a shareholder	–	20,000	–	–	20,000	20,000
	22,446	20,393	1,179	6,436	50,454	48,444

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account of the Group's financial position, the directors of the Company do not consider it probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

Maturity analysis – term loans subject to a repayment on demand clause based on scheduled repayments

	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
31 March 2019	**–**	**–**	**–**	**–**	**–**	**–**
31 March 2018	184	184	554	3,535	4,457	3,780

(c) Foreign currency risk

The Group has insignificant exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated Hong Kong dollars and United States dollars, with a relative small portion in Brazilian Reais and Euro dollars. The Group is not subject to foreign exchange risk of United States dollars as it is pegged with Hong Kong dollars, whilst the Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities denominated in Brazilian Reais, Euro dollars and Renminbi, in light of their relative lower weightings to the Group's total transaction volume, and assets and liabilities in various currencies, the Group does not consider its exposure to exchange rate fluctuations of Brazilian Reais, Euro dollars and Renminbi is significant. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(d) Interest rate risk

The Group's interest rate risk arises primarily from financial liabilities issued at variable rates and fixed rates that expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not expect any changes on interest rate which might materially affect the Group's result of operations. During the year, the Group had not entered into any interest rate swap contracts.

The Group's interest rate profile as monitored by management is set out below.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk (continued)

(i) Interest rate profile

	2019		2018	
	Effective interest rate %	***HK$'000***	Effective interest rate %	*HK$'000*
Fixed rate receivables:				
Loan receivables	**8.75% – 18%**	**295,878**	6.5% – 15%	105,468
Finance lease receivables	**8.75% – 11%**	**10,175**	–	–
Variable rate borrowings:				
Secured bank loans	**–**	**–**	1.4% – 2.25%	(10,848)
Advances drawn on bill receivables discounted with full recourse	**2.3%**	**(48,151)**	–	–

(ii) Sensitivity analysis

At 31 March 2019, it is estimated that a general increase/decrease of 1% in interest rate, with all other variables held constant, would have decrease/increase the Group's profit for the year by approximately HK$482,000 (2018: HK$108,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the non-derivative variable rate financial liabilities in existence at that date. The 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates assuming the financial liabilities in existence at the end of the reporting period were outstanding for the whole reporting period. The analysis was performed on the same basis for the prior year.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurements recognised in the statement of financial position

Fair value hierarchy

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 IFRS 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.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	2018			
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements				
Financial liabilities	–	10	–	10

There were no financial instruments carried at fair value at 31 March 2019.

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of the fair value hierarchy at the end of the reporting period in which they occur during the years ended 31 March 2019 and 2018.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial liabilities in Level 2 is calculated by the Black-Scholes model. The Black-Scholes model is implemented by applying computational method.

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

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

36. COMMITMENTS

(a) Commitments in respect of capital expenditure

At the end of the reporting period, the Group had no material capital commitments (2018: nil).

(b) Operating lease commitments

The Group as lessee:

The Group leases its office premises under operating leases. The leases for these premises were negotiated for a term ranging from one to two years. At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**645**	849
In the second to fifth year	**–**	650
	645	1,499

The Group as lessor:

The Group leases its investment properties under operating lease arrangements to tenants, with leases negotiated for terms ranging from one to two years. The terms of the leases generally require the tenants to pay security deposits. At the end of the reporting period, the Group had total future minimum lease payments receivables under non-cancellable operating leases with its tenants falling due as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**95**	63
In the second to fifth year	**–**	–
	95	63

37. PLEDGE OF ASSETS

At 31 March 2019, bill receivables of HK$48,151,000 were pledged to a bank to secure advances drawn on the bill receivables (2018: investment properties with carrying value of HK$31,600,000 were pledged to secure mortgage loans from banks).

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38. CONTINGENT LIABILITIES

At 31 March 2019, except for the litigation set out in note 39 below, the Group had no significant contingent liability (2018: nil).

39. LITIGATION

On 30 May 2010, UTRB entered into a service agreement ("Service Agreement") with F Um Terraplanagem ("Terraplanagem"). Under the Service Agreement, Terraplanagem would carry out earthwork service in the hydropower plant in Rondonia, Brazil for a service fee of R$892,500. After signing the Service Agreement, Terraplanagem did not provide any earthwork service and UTRB had to hire another company to complete the earthworks. However, in the land search of the freehold land of UTRB, it revealed that Terraplanagem submitted a claim to a court against UTRB to pay for alleged outstanding service fee of approximately R$1,291,000 and filed a precautionary injunction to prevent UTRB of selling certain area of its freehold land. Such injunction was awarded by the court during the year ended 31 March 2015. Two witness hearings were held in May 2016 and in March 2017, the court served the notice to both Terraplanagem and UTRB to present their final arguments. In May 2017, the court awarded Terraplanagem's claim in full. In June 2017, UTRB filed petition to the court presenting its arguments on the ruling by the court, however, the petition was rejected by the court. In late July 2017, UTRB filed an appeal against the court decision and is still awaiting the outcome of the appeal. The claim of approximately R$1,291,000 (approximately HK$2,583,000) has been included in other payables.

40. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the year.

(a) Key management personnel remuneration

The key management personnel of the Group included the directors as disclosed in note 10. Details of key management personnel remuneration are summarised below:

	2019 ***HK$'000***	2018 *HK$'000*
Salaries and other short-term employee benefits	**2,893**	1,977
Post-employment benefits	**81**	71
	2,974	2,048

(b) Outstanding balances with related parties

Details of the amounts received from a shareholder/loan from a shareholder is disclosed in note 26.

41. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

	2019	2018
	HK$'000	*HK$'000*
Non-current assets		
Interests in subsidiaries	**–**	–
Amounts due from subsidiaries	**357,377**	136,848
	357,377	136,848
Current assets		
Prepayments and other receivables	**613**	774
Cash and cash equivalents	**125**	21,038
	738	21,812
Current liabilities		
Accruals and other payables	**3,253**	3,422
Financial liabilities	**–**	10
Amounts due to subsidiaries	**4,206**	615
Amounts received from a shareholder	**200,000**	–
	207,459	4,047
Net current (liabilities)/assets	**(206,721)**	17,765
Total assets less current liabilities	**150,656**	154,613
Non-current liabilities		
Loan from a shareholder	**–**	20,000
Net assets	**150,656**	134,613
Capital and reserves		
Share capital	**125,068**	125,068
Reserves *(note)*	**25,588**	9,545
Total equity	**150,656**	134,613

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

41. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (continued)

Note:

	Share premium HK$'000	Shares held by the Company for settlement of acquisition consideration HK$'000	Contributed surplus HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	6,955	(115,920)	2,938,375	2,216	8,000	869	(2,914,255)	(73,760)
Profit for the year	–	–	–	–	–	–	22,715	22,715
Lapse of share options	–	–	–	–	–	(869)	869	–
Conversion of convertible preferred shares	60,590	–	–	–	–	–	–	60,590
At 31 March 2018	67,545	(115,920)	2,938,375	2,216	8,000	–	(2,890,671)	9,545
At 1 April 2018	**67,545**	**(115,920)**	**2,938,375**	**2,216**	**8,000**	**–**	**(2,890,671)**	**9,545**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**16,032**	**16,032**
Shares issued upon exercise of ordinary share warrants	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**1**
Disposal of shares	**–**	**1,341**	**–**	**–**	**–**	**–**	**(1,331)**	**10**
At 31 March 2019	**67,546**	**(114,579)**	**2,938,375**	**2,216**	**8,000**	**–**	**(2,875,970)**	**25,588**

42. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at the end of the reporting period are set out below:

Name	Place of incorporation/ registration and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
UTRB	Brazil	R$13,909,685	100%	–	100%	Sustainable forest management of and investment in natural forests, licensing of harvesting rights, timber and wood processing, trading and sales of forestry and timber products
Bluestone Investment Limited	Hong Kong	10,000 ordinary shares	100%	–	100%	Leasing of properties
Reliance Credit Limited	Hong Kong	1 ordinary share	100%	–	100%	Money lending business
Sustainable Assets Management Limited	Hong Kong	1 ordinary share	100%	–	100%	Provision of management services
Trans Resources International Limited	Hong Kong	1 ordinary share	100%	–	100%	Trading of timber and wooden products

Note:

The directors are of the opinion that a complete list of subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affects the results or assets of the Group.

43. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019

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

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRIC – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 1 and IAS 8	Definition of Material[2]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the application of all other new and amendments to IFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

44. COMPARATIVE FIGURES

The Group had initially applied IFRS 15 and IFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 4.

Five-Year Financial Summary

RESULTS

	Year ended 31 March				
	2019	2018	2017	2016 (Restated)	2015 (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations					
Revenue	**589,114**	25,920	7,138	11,316	6,596
Profit/(loss) before taxation	**26,826**	21,660	(32,037)	(38,616)	(56,354)
Income tax (expense)/credit	**(454)**	205	30,493	5,545	(53)
Profit/(loss) for the year from continuing operations	**26,372**	21,865	(1,544)	(33,071)	(56,407)
Discontinued operations					
(Loss)/profit for the year from discontinued operations	**–**	–	(207)	2	(97)
Profit/(loss) for the year	**26,372**	21,865	(1,751)	(33,069)	(56,504)
Attributable to:					
Owners of the Company	**26,372**	21,865	(1,751)	(33,077)	(56,508)
Non-controlling interests	**–**	–	–	8	4
	26,372	21,865	(1,751)	(33,069)	(56,504)

ASSETS AND LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 March				
	2019	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**470,977**	190,461	181,453	261,079	305,656
Total liabilities	**(306,061)**	(52,193)	(64,987)	(149,248)	(156,097)
Net assets	**164,916**	138,268	116,466	111,831	149,559
Total equity attributable to the owners of the Company	**164,930**	138,282	116,480	111,744	149,480
Non-controlling interests	**(14)**	(14)	(14)	87	79
Total equity	**164,916**	138,268	116,466	111,831	149,559

Certain comparative figures have been restated to conform with the current year's presentation.