**PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED**
**保 德 國 際 發 展 企 業 有 限 公 司 ***

(Incorporated in Bermuda with limited liability)
(Stock Code : 372)

# 2018
# ANNUAL REPORT

** For identification purpose only*

# CONTENTS

# Abbreviations

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

| | |
|---|---|
| "Board" | Board of Directors of the Company |
| "Bye-laws" | Bye-laws of the Company |
| "CG Code" | Corporate Governance Code as set out in Appendix 14 of the Listing Rules |
| "Company" | PT International Development Corporation Limited (formerly known as ITC Corporation Limited) |
| "Directors" | directors of the Company |
| "Group" | the Company and its subsidiaries |
| "Hong Kong Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Listing Rules" | Rules Governing the Listing of Securities on the Hong Kong Stock Exchange |
| "PRC" | People's Republic of China |
| "SFO" | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| "Shareholders" | shareholders of the Company |
| "HK$" and "HK cents" | Hong Kong dollars and cents, the lawful currency of Hong Kong |
| "%" | per cent. |

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ching Man Chun, Louis
*(Chairman and Managing Director)*
Mr. Sue Ka Lok
Ms. Xu Wei
Mr. Gary Alexander Crestejo

### Independent Non-executive Directors

Mr. Yam Kwong Chun
Mr. Yeung Kim Ting
Mr. Wong Yee Shuen, Wilson

## AUDIT COMMITTEE

Mr. Yeung Kim Ting *(Chairman)*
Mr. Wong Yee Shuen, Wilson
Mr. Yam Kwong Chun

## REMUNERATION COMMITTEE

Mr. Wong Yee Shuen, Wilson *(Chairman)*
Mr. Yam Kwong Chun
Mr. Yeung Kim Ting

## NOMINATION COMMITTEE

Mr. Yam Kwong Chun *(Chairman)*
Mr. Wong Yee Shuen, Wilson
Mr. Yeung Kim Ting

## CORPORATE GOVERNANCE COMMITTEE

Mr. Sue Ka Lok *(Chairman)*
Mr. Wong Yee Shuen, Wilson
Mr. Yam Kwong Chun
Mr. Yeung Kim Ting

## COMPANY SECRETARY

Ms. Cheung Wa Ying

## AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

## LEGAL ADVISORS

KCL & Partners
Vincent T.K. Cheung, Yap & Co. Solicitors & Notaries

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China (Canada)
Bank of Communications Co., Ltd., Hong Kong Branch
HSBC Bank Canada
Industrial and Commercial Bank of China (Asia) Limited
The Hong Kong and Shanghai
Banking Corporation Limited

## REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2304–2306A
23/F., West Tower Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## WEBSITE

www.ptcorp.com.hk

## STOCK CODE

Hong Kong Stock Exchange 372

# Chairman's Statement

On behalf of PT International Development Corporation Limited and its subsidiaries (collectively the "Group"), I am pleased to present to Shareholders the annual report of the Group for the year ended 31st March, 2018.

Over the past year, we have adopted a cautiously optimistic view towards the global economy. With the continued improvement in the United States economy coupled with gradual increases in the United States interest rates and historical high debt levels we have taken a more cautious but optimistic approach for the Group. The Group is confident in the PRC government's "One Belt One Road" initiative, which we believe will continue to help the long term economic development of China. The "One Belt One Road" initiative is a systematic development strategy that will not only accelerate the development of the domestic economic system of China, but also effectively promote linkages among Asia, Europe, the Middle East, and Africa, strengthening economic partnership and cooperation in various regions and providing the Group with more development opportunities.

## BUSINESS REVIEW

### Review of Financial Performance

For the year ended 31st March, 2018, the Group continued to principally engage in the businesses of investment holding, comprising strategic investments in PYI Corporation Limited ("PYI") and Burcon NutraScience Corporation ("Burcon"), investments in other financial assets and securities, provision of finance, and property investments. In order to diversify its investments and expand its revenue source, the Group has also expanded into the business of commodities trading during the current year.

For the year ended 31st March, 2018, the Group's revenue increased by over 127 times to HK$1,984,368,000 (2017: HK$15,404,000). The sharp rise of the Group's revenue was mainly contributed by the commodities trading business which presently focuses on the trading of copper cathodes and nickel briquettes, and has recently expanded its scope of business to fishery products.

For the year ended 31st March, 2018, the Group reported a loss of HK$36,828,000 attributable to the owners of the Company (2017: loss of HK$1,293,978,000) and basic loss per share of HK2.16 cents (2017: basic loss per share of HK77.13 cents). The Group's loss was mainly due to a non-cash loss of HK$146,443,000 on the decrease in interest in PYI primarily as a result of its share placement to independent investors in May 2017; which was partially offset by the share of PYI's profit of HK$109,115,000 for the year ended 31st March, 2018. For illustrative purposes, without such loss of deemed disposal of interest in PYI, the Group would have achieved a profit attributable to the owners of the Company of HK$109,615,000 for the current year.

## BUSINESS REVIEW (continued)

### Listed Strategic Investments

***PYI***

PYI is principally engaged in ports and infrastructure development and investment, the operation of ports and logistics facilities, land and property development and investment in association with ports and infrastructure development, securities trading and investment, and provision of loan financing services. In addition, PYI provides comprehensive engineering and property-related services through Paul Y. Engineering Group Limited.

In May 2017, PYI placed 915,470,000 new shares to independent investors which was the main reason for the loss on net decrease in interest in PYI of HK$146,443,000. The Group's interest in PYI decreased from approximately 28.45% at 31st March, 2017 to approximately 23.65% at 31st March, 2018.

PYI recorded a profit attributable to the owners of HK$477,390,000 for the year ended 31st March, 2018. The turnaround from its loss of HK$34,143,000 recorded in last year was mainly attributed to the gain on disposal of its 45% equity interest in an associate, Nantong Port Group Limited, of HK$847,628,000 in the current year, which was partially offset by the recognition of an impairment loss of HK$148,049,000 on its property, plant and equipment. The Group shared a profit of HK$109,115,000 (2017: share of loss of HK$9,720,000) from PYI for the current year.

***Burcon***

Burcon is a leader in developing technologies for the production of valuable plant-sourced ingredients for use in food, nutrition, wellness and supplement products. The company has developed a portfolio of composition, application, and process patents originating from a core protein extraction and purification technology. Its shares are listed on the Toronto Stock Exchange and the Frankfurt Stock Exchange. Burcon has developed CLARISOY®, a soy protein which offers clarity and complete nutrition for low pH systems; Peazazz® pea protein which is uniquely soluble with clean flavor characteristics; and Puratein®, Supertein® and Nutratein®, three canola protein isolates with unique functional and nutritional attributes.

Burcon's flagship protein technology, CLARISOY®, has been licensed to Archer Daniels Midland Company ("ADM") which is a leader in the global food ingredient industry listed in the United States, since March 2011.

In February 2018, Burcon completed a rights offering to raise gross proceeds of Canadian dollars 3,485,186. The Group subscribed for rights under the offering and the Group's interest in Burcon increased from 20.87% to 22.45%.

For the year ended 31st March, 2018, the Group shared the loss of Burcon of HK$6,250,000 (2017: HK$6,561,000).

*Note:* CLARISOY®, a trademark of ADM, is under license to Burcon from ADM.

# Chairman's Statement

## BUSINESS REVIEW (continued)

### Provision of Finance

For the year ended 31st March, 2018, the Group's finance operation continued to contribute a profitable segment result of HK$3,180,000 (2017: HK$6,901,000) which decreased by 54% compared to last year. At 31st March, 2018, the loans portfolio held by the Group amounted to HK$200,000,000 (2017: HK$60,000,000).

During the year, PT Credit Limited, a wholly-owned subsidiary of the Company, as lender entered into a loan agreement (the "Loan Agreement") with Mr. Zhu Bin, as the borrower for a short-term loan facility up to the principal amount of HK$200,000,000 (the "Loan Facility") at an interest rate of 2% per annum with a share charge on all the issued shares of Thousand Vantage Investment Limited ("Thousand Vantage") and a debenture incorporating a first floating charge over all the undertaking, property and assets of Thousand Vantage executed by Mr. Zhu Bin as security for the Loan Facility. Thousand Vantage is a company incorporated in Hong Kong with limited liability holding 75% equity interest in a subsidiary established in the PRC, which is principally engaged in the provision of oil port and storage services as well as port related services, strategically located in South Western PRC, and the trading of oil and petrochemical products.

Pursuant to the Loan Agreement, Mr. Zhu Bin granted to the Group an exclusive right to purchase all or part of the issued shares of and all or part of the shareholder's loans due by Thousand Vantage or to subscribe for new shares of Thousand Vantage. The exclusive right under the Loan Agreement allows the Group to obtain exposure towards oil and petrochemical sector which the Company believes will continue to be an important commodity as fuel in the growth engine of the PRC and will become even more important under the One Belt One Road Initiative.

### Commodities Trading

During the year, the Group commenced its trading business which presently focuses on the trading of commodities including copper cathodes and nickel briquettes, and has recently expanded its scope of business to fishery products. The business generated a revenue of HK$1,970,638,000 and recorded a segment profit of HK$633,000.

In light of the continuous growth of the Chinese economy, the Group is of the view that market demand for metal products will continue to grow. During the year, the Group began the metal trading businesses in Hong Kong and the PRC. This business segment is operated by an experienced management team located in Shanghai, with extensive and unique experience in the field of metal trading. The metal trading business generated a sizable revenue and respectable market share for the initial period of operation, and it also became one of the main sources of income for the Group. The Group expects that revenue from this metal trading business will continue to grow, mainly attributable to the increasing market demand for metal and energy in the PRC, which will in turn boost the revenue of the Group from metal and energy trading.

Regarding the fishery business, the Group has set up a wholly-owned subsidiary in Sri Lanka managed by a management team with dynamic and abundant experience. The subsidiary has prepared sufficient cold storage space, and is in the process of setting up the processing line, packaging factory and distribution center for its active development of fishery projects. Sri Lanka has the premium geographical location, plentiful resources and excellent natural environment for fishery business. It also has exclusive fishing and economic rights for an ocean area of 500,000 square kilometers and a coastal line of 1,700 km in addition to inland water bodies which makes fishery to be one of the promising industries in the country.

## BUSINESS REVIEW (continued)

### Commodities Trading (continued)

Under the One Belt One Road strategy, the PRC government vigorously promotes the integration and development of fishery industry with the goal of enhancing quality and efficiency, increasing income with smaller production scale, green development and enriching fishermen by effectively shifting the focus of fishery industry from quantitative growth and scale expansion to qualitative development and green development. To align with the One Belt One Road strategy, we will continue to look for different opportunities on expanding our fishery business segment such as exploring suitable operating locations in the PRC.

In light of the above, the management expects that the commodities traded by the Group have good prospects and the trading business will continue to contribute profitable results in the future.

### Long-term Investment

During the year, the Group's long-term investment recorded a revenue of HK$1,086,000 (2017: HK$866,000) and a segment profit of HK$1,022,000 (2017: segment loss of HK$6,355,000). At 31st March, 2018, the Group's long-term investment amounted to HK$13,596,000 (2017: HK$12,555,000) and represented an investment in a 3-year unlisted convertible note issued by Burcon with a principal amount of Canadian dollars 2,000,000 and a coupon rate of 8% per annum. The segment revenue and the segment profit for the current year was mainly attributed to the interest income from such convertible note. The turnaround of the segment result was mainly due to the absence of a HK$6,600,000 loss from the disposal of an investment in an unlisted entity that indirectly held an equity investment listed in Hong Kong recorded in last year.

### Other Investment

During the year, the Group's other investment contributed a segment revenue of HK$251,000 (2017: HK$3,535,000) and a segment loss of HK$380,000 (2017: segment profit of HK$1,881,000). In the current year, the Group received interest income of HK$251,000 (2017: HK$332,000) from a debt instrument which represented an investment in a 5-year senior guaranteed note with a principal amount of United States dollars 1,800,000 and a coupon rate of 4.75% per annum issued by a directly wholly-owned subsidiary of ITC Properties. The debt instrument was disposed of during the current year and the Group recorded a loss of HK$40,000 from the disposal. The segment loss for the year was mainly due to net loss on financial instruments of HK$633,000 (2017: net loss on financial instruments of HK$1,869,000).

At 31st March, 2018, the Group's equity investments portfolio amounted to HK$4,992,000 (2017: HK$60,090,000) and comprised of shares in various companies listed in Hong Kong.

### Others

During the year, the Group's other business contributed a segment revenue of HK$8,483,000 (2017: HK$7,238,000) and a segment profit of HK$30,969,000 (2017: HK$2,043,000). At 31st March, 2018, the Group's other business mainly represented the leasing of investment properties and provision of management services. During the current year, the Group continues to receive a stable property rental income of HK$4,800,000 (2017: HK$3,625,000) from leasing of office premises and hotel strata lots located in Canada and management service income of HK$3,316,000 (2017: HK$3,182,000) from provision of property agency service in Canada. The segment profit for the year was mainly due to an increase in fair values of investment properties of HK$29,199,000 (2017: HK$803,000).

# Chairman's Statement

## FINANCIAL REVIEW

### Liquidity and Financial Resources

At 31st March, 2018, the Group's total assets of HK$1,428,455,000 (2017: HK$1,180,622,000) represented an increase of approximately 21% when compared with last year. The increase was mainly due to the increase in loans receivable and prepayments to suppliers in the trading segment.

At 31st March 2018, equity attributable to owners of the Company amounted to HK$1,282,153,000 (2017: HK$1,163,683,000), representing an increase of HK$118,470,000 or 10% compared to the prior year end which was mainly due to the completion of placing of 330,000,000 new shares of the Company in March 2018 that raised net proceeds of approximately HK$134,342,000.

The Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and capture investment opportunities as and when they become available.

At 31st March, 2018, current assets and current liabilities of the Group were HK$623,529,000 and HK$127,120,000 respectively. Accordingly, the Group's current ratio was about 5 (2017: 50).

### Use of Proceeds from Shares Placement

On 16th March, 2018, a total of 330,000,000 new shares of the Company have been placed by a placing agent to not less than six independent placees at the price of HK$0.42 per share (the "Placing"). The gross and net proceeds after deducting the placing commission and other related expenses from the Placing are HK$138,600,000 and approximately HK$134,342,000 respectively. The net proceeds will be utilised as to (i) approximately HK$100,000,000 for financing the expansion of the commodity trading business of the Group; and (ii) the rest as working capital for the other businesses of the Group and for general corporate purposes.

### Gearing

At 31st March, 2018, the Group had bank deposits, bank balances and cash of HK$281,996,000 and bank and other borrowings of HK$14,277,000. The Group's gearing ratio was zero at 31st March, 2018 and 31st March, 2017 as the Group was in net cash position. The gearing ratio is calculated on the basis of net borrowings over the equity attributable to owners of the Company. Net borrowings are arrived at by deducting bank deposits, bank balances and cash from borrowings.

The Group had outstanding bank borrowing at 31st March, 2018 of approximately HK$7,277,000, which was denominated in Canadian dollars and repayable within five years. It bore interest at floating rates and was secured by the relevant investment properties. The Group also had other borrowing at 31st March, 2018 of approximately HK$7,000,000, which was a loan from a third party denominated in Hong Kong dollars and repayable within one year. It bore interest at fixed rates and was unsecured. The other borrowing was settled on 28th June, 2018.

## FINANCIAL REVIEW (continued)

### Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in Hong Kong dollars, Canadian dollars, Renminbi and United States dollars. During the year, the Group had not entered into any foreign currency forward contracts, currency swaps or other financial derivatives for hedging purposes. However, the management monitors foreign exchange exposure from time to time. Appropriate measures would be undertaken by the Group when exchange rate fluctuations become significant.

### Pledge of Assets

At 31st March, 2018, investment properties of HK$17,694,000 (2017: HK$16,147,000) were pledged to secure a bank loan granted to the Group.

### Contingent Liabilities

At 31st March, 2018, the Group had no significant contingent liabilities (2017: nil).

### Capital Commitment

At 31st March, 2018, the Group had no significant capital commitment (2017: nil).

## EMPLOYEES AND REMUNERATION POLICY

At 31st March, 2018, the Group had a total of 30 employees. The Group's remuneration policy is to ensure that the Group's remuneration structure is appropriate and aligns with the Group's goals and objectives. The employees' remuneration is based on the employees' skill, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Group also offers benefits to employees including discretionary bonus, training and provident funds. The share option scheme of the Company is established for the eligible participants (including employees). No share options were granted during the year and there were no outstanding share options as at 31st March, 2018 and as at the date of this report.

## ADVANCE TO ENTITY

At the date of this report, a loan agreement with circumstances giving rise to a disclosure under Rule 13.13 of the Listing Rules continues to exist which constituted disclosure obligation pursuant to Rule 13.20 of the Listing Rules as follows.

On 20th July, 2017, PT Credit Limited, a wholly owned subsidiary of the Company, as lender entered into a loan agreement (the "Loan Agreement") with Mr. Zhu Bin, as the borrower for a short term loan facility up to the principal amount of HK$200,000,000 (the "Loan Facility") at an interest rate of 2% per annum, payable on every 3 months interval, for 6 months commencing from the date on which the Loan Facility was drawn down. A share charge on all the issued shares of Thousand Vantage Investment Limited ("Thousand Vantage") and a debenture incorporating a first floating charge over all the undertaking, property and assets of Thousand Vantage were executed by Mr. Zhu Bin as security for the Loan Facility. Pursuant to the Loan Agreement, Mr. Zhu Bin granted to the Group an exclusive right, during the period of 6 months commencing from the date of the Loan Agreement, as may be extended by agreement between the parties from time to time, to purchase all or part of the issued shares of and all or part of the shareholder's loans due by Thousand Vantage or to subscribe for new shares of Thousand Vantage (the "Possible Transaction"). On 9th January, 2018, PT Credit Limited entered into the supplemental agreement to extend the final repayment date of the Loan Facility and the Exclusivity Period for six months to 24th July, 2018. Save as aforesaid, all other terms and conditions contained in the Loan Agreement remain unchanged and continue to be in full force and effect.

Mr. Zhu Bin, save for being a director of, and a shareholder holding 8% equity interest in, an insignificant subsidiary (as defined in Rule 14A.09 of the Listing Rules) of the Group, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Zhu Bin is a third party independent of the Company and its connected persons. Thousand Vantage is a company incorporated in Hong Kong with limited liability holding 75% equity interest in a subsidiary established in the PRC.

Details of the loan were set out in the announcement of the Company dated 20th July 2017 and 9th January, 2018.

## OTHERS

### Subscription of Preference Shares

In April 2018, PT OBOR Financial Holdings Limited, a wholly-owned subsidiary of the Company (the "Subscriber"), entered into a subscription agreement (the "Subscription Agreement") with Thousand Vantage, pursuant to which the Subscriber agreed to subscribe for, and Thousand Vantage agreed to allot and issue, 100 preference shares at the total subscription price of HK$200,000,000. The preference shares confer the Subscriber the right to receive cumulative fixed preferential dividend at the rate of 2% per annum of the subscription price. The preferential shares are guaranteed by Mr. Zhu Bin who executed a share charge in favour of the Subscriber relating to all the shares of Thousand Vantage.

As Mr. Zhu Bin was indebted to the Group in the amount of HK$200,000,000 (included as loans receivable at 31st March, 2018), the subscription price for the preference shares was settled by way of offsetting the Loan Facility due by Thousand Vantage (as novated from Mr. Zhu Bin to Thousand Vantage pursuant to a deed of novation) to the Group. Accordingly, the loan receivable has been fully repaid subsequent to 31st March, 2018.

Pursuant to the Subscription Agreement, Mr. Zhu Bin granted to the Group an exclusive right of the Possible Transaction up to the date of the redemption of the preference shares. Therefore, the Group can continue to have the exclusivity over the Possible Transaction for further evaluation.

## OTHERS (continued)

### Loan Agreement

On 1st June, 2018, PT Credit Limited, a wholly-owned subsidiary of the Company, as lender entered into a loan agreement with an independent third party, Eastern Yangtze Development (HK) Limited (the "Borrower"), for a loan in the principal amount of United States dollars 6,000,000 (the "Loan") at an interest rate of 10% per annum payable on the maturity date which was the date falling 12 months from the date of drawdown, and simultaneously entered into a participation agreement with Lord Fraser of Corriegarth, an independent third party (the "Participant"), pursuant to which the Participant participated in the Loan in the principal amount of United States dollars 1,000,000. The Loan was secured with a share charge on all the issued shares of the Borrower and a debenture over all the undertaking, property, assets, goodwill, rights and revenues of the Borrower. The Borrower is a limited liability company incorporated in Hong Kong with a wholly-owned subsidiary in the PRC which is in the course of setting up infrastructure for operating chemical storages in the Yangtze River Delta, and has an international management team with vast industry experience, including the former Head of China of a leading international petrochemical group operating in the PRC.

### Subscription in Shares of a Fund

On 21st June, 2018, the Group entered into a subscription agreement with AFC Korea Co., Ltd. pursuant to which the Group agreed to subscribe for shares of AFC Mercury Fund, a private equity fund established in Korea (the "Fund") which represent approximately 26.67% of the issued share capital of the Fund, as a limited partner, for an aggregate consideration of United States dollars 20,000,000 (equivalent to approximately HK$156,000,000) in cash.

## OUTLOOK

China's social development has entered into a new era. As clearly stated in the report of Xi Jinping, the president of the PRC, presented at the Nineteenth National Congress of the Communist Party of China, the country's economy is in the process of switching to a high-quality development stage. The report also pointed out that there is a need to focus on the construction under the "One Belt One Road" initiative and introduce innovative ways of overseas investment, in order to promote cooperation between enterprises at home and abroad while expedite the materialisation of international cooperation and competitive advantages. In the coming year, under the auspices of the "One Belt One Road" policy, all industries in China will maintain a steady upward growth trend.

Looking forward into 2018, with the back drop of heighten risk of trade frictions between the United States and China and rising interest rates, the Group will continue to deploy its resources in a prudent manner. The Group will focus its resources in more defensive sectors, including trading of metal and fishery products and complementary businesses that will benefit from the "One Belt One Road" initiative. The Group will actively enhance its overall competitiveness, strengthen its capital base, optimise its investment portfolio and implement comprehensive risk management strategies, thereby laying a solid foundation for the Group's long-term development. The management believes that the Group is well-poised for the challenges ahead and is determined to bring maximum value to its shareholders.

# Chairman's Statement

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the Shareholders for their continuous support to the Company and extend my appreciation to all management and staff members for their contribution and dedication throughout the year.

**Ching Man Chun, Louis**
*Chairman and the Managing Director*

Hong Kong, 26th June, 2018

# Biographies of Directors and Company Secretary

The biographical details of Directors and Company Secretary at 26th June, 2018, the date of this report, are set out below:

## EXECUTIVE DIRECTORS

**Mr. Ching Man Chun, Louis ("Mr. Ching") ,** *the Chairman and the Managing Director*
Mr. Ching, aged 39, joined the Company as an Executive Director on 1st June, 2017 and is also a director of various subsidiaries of the Company. Mr. Ching was appointed as the Managing Director and the Chairman of the Board of Directors of the Company with effect from 30th September, 2017. Mr. Ching holds a Bachelor of Arts degree in Economics from Boston University in the United States of America. He has extensive experience in commodity trading and business development in the PRC and other countries in Asia and Africa.

Mr. Ching is deemed to be a substantial Shareholder of the Company, as disclosed in the section headed "Interests and Short Positions of Shareholders Discloseable under the SFO" in the Directors' Report.

**Mr. Sue Ka Lok ("Mr. Sue")**
Mr. Sue, aged 53, joined the Company as an Executive Director in March 2017 and is the Chairman of the Corporate Governance Committee and also a director of various subsidiaries of the Company. Mr. Sue holds a Bachelor of Economics degree from The University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a fellow of the Hong Kong Institute of Certified Public Accountants, a certified practising accountant of the CPA Australia and a fellow of The Hong Kong Institute of Chartered Secretaries, The Institute of Chartered Secretaries and Administrators and the Hong Kong Securities and Investment Institute. He has extensive experience in corporate management, finance, accounting and company secretarial practice.

Mr. Sue is an executive director PYI Corporation Limited (stock code: 498) and EPI (Holdings) Limited (stock code: 689); an executive director and the chief executive officer of China Strategic Holdings Limited (stock code: 235); a non-executive director and the chairman of Courage Investment Group Limited (formerly named Courage Marine Group Limited) ("Courage Investment") (Hong Kong stock code: 1145 and Singapore stock code: CIN); and a non-executive director of Birmingham Sports Holdings Limited (stock code: 2309). All of the above companies are listed on the Hong Kong Stock Exchange and with Courage Investment being also listed on Singapore Exchange Securities Trading Limited.

**Ms. Xu Wei ("Ms. Xu")**
Ms. Xu, aged 48, joined the Group as a financial controller in June 2017 and the Company as an Executive Director on 17th August, 2017 and is also a director of various subsidiaries of the Company. Ms. Xu holds a Bachelor of Economics degree majoring in Accounting from Xiamen University in the PRC. Ms. Xu is a fellow of the Institute of Public Accountants in Australia and has extensive experience in finance and accounting.

**Mr. Gary Alexander Crestejo ("Mr. Crestejo")**
Mr. Crestejo, aged 43, joined the Company as an Executive Director on 17th August, 2017 and is also a director of certain subsidiaries of the Company. Mr. Crestejo holds a Bachelor of Commerce degree in Hospitality and Tourism Management from Ryerson Polytechnic University (now known as Ryerson University) in Canada. Mr. Crestejo has extensive management experience in food and beverages, hospitality and tourism business in Greater China and South East Asia.

# Biographies of Directors and Company Secretary

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Yam Kwong Chun ("Mr. Yam")**

Mr. Yam, aged 53, joined the Company as an Independent Non-executive Director in March 2017 and is the Chairman of the Nomination Committee and a member of the Audit Committee, the Remuneration Committee and the Corporate Governance 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 and LED lighting products. Mr. Yam has extensive experience in auditing, accounting and financial management. Mr. Yam is also an independent non-executive director of Sustainable Forest Holdings Limited (stock code: 723), a company listed on the Hong Kong Stock Exchange.

**Mr. Yeung Kim Ting ("Mr. Yeung")**

Mr. Yeung, aged 52, joined the Company as an Independent Non-executive Director on 17th August, 2017 and is the Chairman of the Audit Committee, and a member of the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee. Mr. Yeung holds a Bachelor of Arts degree majoring in Accounting from the University of Ulster in Northern Ireland of the United Kingdom. Mr. Yeung is a fellow of the Association of Chartered Certified Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Yeung has extensive experience in auditing, accounting and finance.

**Mr. Wong Yee Shuen, Wilson ("Mr. Wong")**

Mr. Wong, aged 51, joined the Company as an Independent Non-executive Director on 6th November, 2017 and is the Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Corporate Governance Committee of the Company. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and member of Australia CPA and Australian Institute of Banking and Finance. He holds a master of commerce degree, specializing in banking and finance from the University of New South Wales. With more than 20 years of experience in PricewaterhouseCoopers and Ernst and Young, Mr. Wong specializes in the area of auditing banks and listed companies. Mr. Wong is currently the chief financial officer of China Animation Characters Company Limited (stock code: 1566) as well as an independent non-executive director of Softpower International Limited (stock code: 380). All of the above companies are listed on the Hong Kong Stock Exchange.

## COMPANY SECRETARY

**Ms. Cheung Wa Ying ("Ms. Cheung")**

Ms. Cheung obtained a master's degree in Chinese Business Law from The Chinese University of Hong Kong and is a member of the Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Chartered Secretaries. Prior to joining the Company, she has extensive experience in auditing, accounting, company secretarial and taxation matters.

# Directors' Report

The directors have the pleasure to present their report and the audited consolidated financial statements of the Group for the year ended 31st March, 2018.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and particulars of the Company's principal subsidiaries and the Group's principal associates at 31st March, 2018 are set out in notes 39 and 18, respectively, to the consolidated financial statements.

## BUSINESS REVIEW

### Review of the Group's business, future development, risks and uncertainties

A review of the Group's business, an analysis of the Group's performance (using financial key performance indicators) and an indication of likely future development in the Group's business are provided in the Chairman's Statement on pages 4 to 12 of the annual report. A description of the risks and uncertainties in management of the Group can be found in notes 30 and 31 to the consolidated financial statements. In addition, particulars of important events of the Group occurred since 31st March, 2018 are set out in the Chairman's Statement of the annual report and note 40 to the consolidated financial statements. These sections form part of the Directors' Report.

### Environmental policies

As a responsible corporate citizen, the Company recognises the importance of good environmental stewardship and for this purpose, the Company has in place environmental policy, environmental and natural resources policy and waste management policy. These policies can be found in the Environmental, Social and Governance Report on pages 37 to 49 of the annual report.

### Compliance with laws and regulations

The Group's operations are mainly carried out in Hong Kong. During the year, there was no incidence of non-compliance with the relevant laws and regulations in Hong Kong that have a significant impact on the Group's business.

### Relationship with employees, customers and suppliers

The Company continues to communicate with its employees, customers and suppliers through different channels to develop mutually beneficial relationships and promote sustainability. Employees are remunerated equitably and competitively, and the Company encourages employees to develop their competencies and potentials through continuous training and development to equip its employees to deliver their best performance and achieve the Company's goals. The Company is committed to providing and maintaining a safe and healthy workplace for its employees. The Company also strives to address the need of customers by providing responsive and customised services and endeavours to enable suppliers to participate in the Group's supply chain in a fair, equitable, transparent and competitive manner.

# Directors' Report

## SEGMENTAL INFORMATION

An analysis of the Group's revenue and contribution to operating results for the year ended 31st March, 2018 is set out in note 5 to the consolidated financial statements.

## RESULTS

The results of the Group for the year ended 31st March, 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 56 of the annual report.

## FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31st March, 2018 (2017: Nil).

## RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 60 to 61 of the annual report.

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue from sales of goods or rendering of services attributable to the Group's five largest customers during the year were approximately 99% of the Group's total revenue, with the largest customer accounted for approximately 71%. The aggregate purchases attributable to the Group's five largest suppliers during the year were approximately 96% of the Group's total purchases, with the largest supplier accounted for approximately 56%.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 138 of the annual report.

## PROPERTY, PLANT AND EQUIPMENT

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

## INVESTMENT PROPERTIES

Details of revaluation of and movements in the investment properties of the Group during the year are set out in note 16 to the consolidated financial statements. At 31st March, 2018, the Group had investment properties which situated at No. 1946/50 West Broadway, Vancouver, B.C., Canada and five strata lots of Sundial Boutique Hotel situated at 4340 Sundial Crescent, Whistler, B.C., Canada. Both of them are for commercial use and the lease term of such properties are freehold.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES OF THE COMPANY

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or a distribution out of contributed surplus if: (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of its assets would thereby be less than its liabilities.

In the opinion of the Directors, subject to the restrictions as stipulated in the Companies Act 1981 of Bermuda as described above, the Company's reserves available for distribution to Shareholders at 31st March, 2018 were as follows:

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Contributed surplus | – | – |
| Accumulated profits | 95,497 | 30,163 |
| | 95,497 | 30,163 |

## BORROWINGS

Bank and other borrowings repayable within one year or on demand are classified as current liabilities. Details of bank and other borrowings of the Group at 31st March, 2018 are set out in note 26 to the consolidated financial statements.

# Directors' Report

## DIRECTORS

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

**Executive Directors:**
Mr. Ching Man Chun, Louis (Chairman and Managing Director)
(appointed as Chairman and Managing Director on 30th September, 2017)
Mr. Sue Ka Lok
Mr. Gary Alexander Crestejo (appointed on 17th August, 2017)
Ms. Xu Wei (appointed on 17th August, 2017)
Ms. Chau Mei Wah, Rosanna (resigned on 29th December, 2017)
Mr. Suen Cho Hung, Paul (resigned on 30th September, 2017)

**Independent Non-executive Directors:**
Mr. Yam Kwong Chun
Mr. Yeung Kim Ting (appointed on 17th August, 2017)
Mr. Wong Yee Shuen, Wilson (appointed on 6th November, 2017)
Mr. Chu Kin Wang, Peleus (retired on 27th September, 2017)
Mr. Lau Yuen Sun, Adrian (resigned on 30th April, 2018)

In accordance with Bye-law 98(A) of the Bye-laws, Mr. Yam Kwong Chun and Mr. Yeung Kim Ting will retire by rotation at the forthcoming annual general meeting and in accordance with Bye-law 103(B) of the Bye-laws, Mr. Wong Yee Shuen, Wilson will hold office until the forthcoming annual general meeting. All retiring directors, being eligible for re-election, offer themselves for re-election.

The Independent Non-executive Directors are 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, subject to retirement by rotation and re-election in accordance with the Bye-laws. No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## UPDATES ON DIRECTORS' INFORMATION

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

1. Mr. Sue Ka Lok ("Mr. Sue") has stepped down from his position as the chief executive officer of EPI (Holdings) Limited (stock code: 689, a company listed on the Hong Kong Stock Exchange) with effect from 17th January 2018.

2. Mr. Sue resigned as a non-executive director of Tianli Holdings Group Limited (stock code: 117, a company listed on the Hong Kong Stock Exchange) with effect from 17th January 2018.

3. Mr. Wong Yee Shuen, Wilson has resigned as an independent non-executive director of Ping An Securities Group (Holdings) Limited (stock code: 231, a company listed on the Hong Kong Stock Exchange) with effect from 1st December 2017.

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

At 31st March, 2018, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Part XV of the SFO, as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:

### (a) Long positions in shares, underlying shares and debentures of the Company

| Name of Director | Capacity | Number of shares held | Approximate percentage of the issued share capital of the Company |
|---|---|---|---|
| Mr. Ching Man Chun, Louis ("Mr. Ching") | Interest of controlled corporation | 488,000,000 *(Note)* | 24.18% |

*Note:*

These interests were held by Champion Choice Holdings Limited ("Champion Choice"), which was wholly owned by Mr. Ching. Mr. Ching is the sole director of Champion Choice. Accordingly, Mr. Ching was deemed to be interested in 488,000,000 shares of the Company under the SFO.

Save as disclosed above, at 31st March, 2018, none of the directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## SHARE OPTION SCHEME

The share option scheme of the Company was adopted on 19th August, 2011 (the "Share Option Scheme"). No share options were granted, exercised, cancelled or lapsed during the year. At 31st March, 2018, there was no outstanding share option granted by the Company pursuant to the Share Option Scheme.

Save for the Share Option Scheme, at no time during the year was the Company or any of its subsidiaries a party to any arrangements which objects are to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate, and none of the directors, chief executives or their spouse or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the year.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 37 to the consolidated financial statements and the section below headed "Connected Transactions", no transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party and in which a director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the directors of the Company were interested in any business apart from the Group's businesses which compete or is likely to compete, either directly or indirectly, with the businesses of the Group at 31st March, 2018.

## CONNECTED TRANSACTIONS

On 14th November, 2014, ITC Management Limited ("ITCM"), an indirect wholly owned subsidiary of the Company, entered into a tenancy agreement (the "Tenancy Agreement") with Great Intelligence Limited ("Great Intelligence"), an indirect wholly owned subsidiary of ITC Properties Group Limited ("ITC Properties"), as landlord in respect of the leasing of portion of 30th Floor and two car parking spaces of Bank of America Tower, 12 Harcourt Road, Central, Hong Kong for a lease term of 3 years commencing from 16th November, 2014 at a fixed rental of HK$217,000 per month and the management fee and air-conditioning charges of HK$15,870 in aggregate (subject to adjustments) per month. The aggregate maximum amount of the rental, management fee and air-conditioning charges payable by ITCM under the Tenancy Agreement for the current year were not exceeding HK$2,000,000.

## CONNECTED TRANSACTIONS (continued)

Whilst the terms of the Tenancy Agreement remained unchanged, the transaction thereunder became a continuing connected transaction for the Company because ITC Properties (including Great Intelligence) became an associate of Dr. Chan Kwok Keung, Charles ("Dr. Chan"), the then Executive Director, the then Chairman of the Board and the former controlling shareholder of the Company pursuant to Rules 14A.07, 14A.12 and 14A.14 of the Listing Rules following the acquisition of shares of the Company on 23rd April, 2015 whereby Dr. Chan's shareholding in the Company increased to over 50%. On 24th January, 2017, Dr. Chan disposed of his entire shareholding interest in the Company, being approximately 67.96% of the total number of issued shares of the Company and resigned as an Executive Director and the Chairman of the Board on 28th March, 2017. At 31st March, 2018, Great Intelligence was still an associate of Dr. Chan. The Tenancy Agreement, which was carried out on a continuing basis and in the ordinary and usual course of business of the Company, constituted a continuing connected transaction for the Company under Rule 14A.31 of the Listing Rules. Details of the Tenancy Agreement were set in the announcement of the Company dated 6th May, 2015 (the "Tenancy Announcement"). The total sum paid by the Group under the Tenancy Agreement for the year ended 31st March, 2018 was approximately HK$1,747,000 and accordingly, had not exceeded its annual cap disclosed in the Tenancy Announcement.

The Independent Non-executive Directors have reviewed the above continuing connected transaction and confirmed that such transaction has been entered into by the Group in the ordinary and usual course of business of the Group, on normal commercial terms, and in accordance with the relevant agreement governing such transaction on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor of the Company (the "Auditor") had performed review work on the above continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and reported that in respect of the continuing connected transaction during the year ended 31st March, 2018 as stated above, (i) nothing has come to the Auditor's attention that causes them to believe that the said continuing connected transaction has not been approved by the Board; (ii) nothing has come to the Auditor's attention that causes them to believe that the transaction was not entered into, in all material respects, in accordance with the relevant agreement governing such transaction; and (iii) with respect to the aggregate amount of the said continuing connected transaction, nothing has come to the Auditor's attention that causes them to believe that the said continuing connected transaction has exceeded the annual cap disclosed in the Tenancy Announcement.

Save as disclosed above, during the year ended 31st March, 2018, there was no connected transaction or continuing connected transaction of the Company required to be disclosed pursuant to Chapter 14A of the Listing Rules and none of the other related party transactions set out in note 37 to the consolidated financial statements was required to be disclosed pursuant to Chapter 14A of the Listing Rules.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 31st March, 2018, so far as is known to the directors and the chief executives of the Company, the interests or short positions of substantial Shareholders in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

| Name | Capacity | Number of shares held | Approximate percentage of the issued share capital of the Company |
|---|---|---|---|
| Mr. Ching | Interest of controlled corporation | 488,000,000 *(Note 1)* | 24.18% |
| Champion Choice | Beneficial owner | 488,000,000 *(Note 1)* | 24.18% |
| Mr. Suen Cho Hung, Paul ("Mr. Suen") | Interest of controlled corporation | 670,676,465 *(Note 2)* | 33.23% |
| Ace Way Global Limited ("Ace Way") | Interest of controlled corporation | 670,676,465 *(Note 2)* | 33.23% |
| Ace Pride Holdings Limited ("Ace Pride") | Beneficial owner | 670,676,465 *(Note 2)* | 33.23% |

*Notes:*

1. These interests were held by Champion Choice, which was wholly owned by Mr. Ching. Mr. Ching is the sole director of Champion Choice. Accordingly, Mr. Ching was deemed to be interested in 488,000,000 shares under the SFO. The interests of Mr. Ching and Champion Choice in 488,000,000 shares of the Company referred to the same parcel of shares.

2. These interests were held by Ace Pride, which was wholly owned by Ace Way which in turn was wholly owned by Mr. Suen. Mr. Suen is the sole director of Ace Pride and Ace Way. Accordingly, Mr. Suen was deemed to be interested in 670,676,465 shares of the Company under the SFO. The interests of Mr. Suen, Ace Way and Ace Pride in 670,676,465 shares of the Company referred to the same parcel of shares.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company at 31st March, 2018.

## RETIREMENT BENEFIT SCHEMES

Information on the Group's retirement benefit schemes is set out in note 32 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the 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.

## PUBLIC FLOAT

At the date of this report, the Company has maintained the prescribed minimum public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

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

During the year ended 31st March, 2018, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

## EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 40 to the consolidated financial statements.

## EQUITY-LINKED AGREEMENT

Other than the Share Option Scheme as disclosed in note 29 to the consolidated financial statements, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the financial year under review.

## MANAGEMENT CONTRACTS

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

# Directors' Report

## PERMITTED INDEMNITY PROVISION

The Bye-laws provide that subject to the Companies Act 1981 of Bermuda (as amended), every director of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto. Such provisions were in force during the course of the financial year ended 31st March, 2018 and remained in force as of the date of this report. Directors' liability insurance is in place to protect the Directors of the Company or of its subsidiaries against any potential costs and liabilities arising from claims brought against the Directors.

## AUDITOR

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the external auditor of the Company.

On behalf of the Board

**Ching Man Chun, Louis**
*Chairman and Managing Director*

Hong Kong, 26th June, 2018

# Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance practices and procedures. The Company believes that good corporate governance practices are essential for effective corporate management to enhancing Shareholders' value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all Shareholders.

## CORPORATE GOVERNANCE CODE

The Company has, throughout the year ended 31st March, 2018, complied with the code provisions of the CG Code contained in Appendix 14 to the Listing Rules except for the following deviations with reasons as explained:

### Chairman and Chief Executive

***Code provision A.2.1***

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

***Deviation:***

Following the resignation of Mr. Suen Cho Hung, Paul from the positions of the Executive Director, the Managing Director and the Chairman of the Board with effect from 30th September, 2017, Mr. Ching Man Chun, Louis, an Executive Director of the Company, has taken up the positions of the Chairman of the Board and the Managing Director of the Company. The Board considers that vesting the roles of chairman and chief executive in the same person enables more effective and efficient planning and implementation of business plans, the Board also believes that the balance of power and authority is adequately ensured.

***Code Provision E.1.2***

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

***Deviation***

The then Chairman of the Board, Mr. Suen Cho Hung, Paul, was unable to attend the annual general meeting of the Company held on 27th September, 2017 as he had other important business engagement. However, Mr. Sue Ka Lok, an Executive Director of the Company, had chaired the meeting in accordance with Bye-law 77 of the Company's Bye-laws.

# Corporate Governance Report

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has continued to adopt the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the directors of the Company. All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 31st March, 2018. The Company has also continued to adopt a code of conduct governing securities transactions by employees who may possess or have access to inside information of the Company or its securities.

## BOARD OF DIRECTORS

### The Board

The members of the Board are individually and collectively responsible for the leadership and control, and for promoting the success, of the Company by directing and supervising the Company's affairs. At the date of this report, the Board comprises seven Directors, four of which are Executive Directors, namely Mr. Ching Man Chun, Louis ("Mr. Ching") (Chairman and Managing Director), Mr. Sue Ka Lok ("Mr. Sue"), Ms. Xu Wei ("Ms. Xu") and Gary Alexander Crestejo ("Mr. Crestejo") and three are Independent Non-executive Directors, namely Mr. Yam Kwong Chun ("Mr. Yam"), Mr. Yeung Kim Ting ("Mr. Yeung") and Mr. Wong Yee Shuen, Wilson ("Mr. Wong"). The Board has a balanced composition of executive and independent non-executive directors so that strong independent elements are included in the Board, enabling the Board to exercise judgment independently and make decision objectively in the interests of the Company and its Shareholders as a whole.

The Company recognises and embraces the benefits of having a diverse Board and therefore has adopted a policy on Board diversity in June 2013. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. Board diversity would be considered based on a number of measurable objectives, including but not limited to skills, knowledge, experience, gender, age, length of services and cultural and educational background. All Board candidates will be considered and appointed based on meritocracy, contribution that the selected candidates will bring to the Board against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the policy, as appropriate, and recommend any proposed changes to the Board for approval.

The Nomination Committee has obligation to review the size, structure and composition of the Board on an annual basis. The Company has a diversified Board composition which meets the aforesaid measurable objectives of the Board diversity policy. Biographical details of the Directors are set out on pages 13 to 14 of this annual report. A list containing the names of all directors and their roles and functions is published on the respective websites of the Hong Kong Stock Exchange and the Company, which would be updated from time to time when there are any changes.

## BOARD OF DIRECTORS (continued)

### The Board (continued)

At the date of this report, the Board members have no other financial, business, family or other material/relevant relationships with each other.

As part of an ongoing process of director's training, the directors keep abreast of the latest developments to enhance and refresh their knowledge and skills. All directors are provided with reading materials from time to time. During the year under review, each of the directors of the Company participated in continuous professional development by way of reading materials relating to updates on the Companies Ordinance of Hong Kong, the SFO, the Codes on Takeovers and Mergers, the Listing Rules and environmental, social and governance reporting.

A summary of the training received by the directors for the year ended 31st March, 2018 based on their training records provided to the Company is as follows:

| Name of Director | Reading materials | Briefings/ seminars |
|---|---|---|
| *Executive Directors* | | |
| Mr. Ching Man Chun, Louis *(Chairman and Managing Director)* | ✓ | ✓ |
| Mr. Sue Ka Lok | ✓ | ✓ |
| Ms. Xu Wei | ✓ | ✓ |
| Mr. Gary Alexander Crestejo | ✓ | ✓ |
| Mr. Suen Cho Hung, Paul | ✓ | – |
| Ms. Chau Mei Wah, Rosanna | ✓ | ✓ |
| *Independent Non-executive Directors* | | |
| Mr. Yam Kwong Chun | ✓ | ✓ |
| Mr. Yeung Kim Ting | ✓ | ✓ |
| Mr. Wong Yee Shuen, Wilson | ✓ | ✓ |
| Mr. Chu Kin Wang, Peleus | ✓ | ✓ |
| Mr. Lau Yuen Sun, Adrian | ✓ | ✓ |

The Board is responsible for the success and sustainable development of the Company. It has delegated the Executive Board with authority and responsibility for handling the management functions and operations of the day-to-day business of the Company, while reserving certain key matters for the approval by the Board. The types of decisions to be taken by the Board include annual and interim period financial reporting and control, equity fund raising, declaration of interim dividend and making recommendation of final dividend or other distributions, notifiable transactions under Chapters 14 and 14A of the Listing Rules and making recommendation for capital reorganisation or scheme of arrangement of the Company.

## BOARD OF DIRECTORS (continued)

### The Board (continued)

During the year under review, four regular Board meetings were held with at least fourteen days' notice given to all directors. Directors are provided with relevant information to make informed decisions. The Chairman met with the independent non-executive directors without the executive directors being present during the year. The Board and each director have separate and independent access to the Company's senior management. A director who considers a need for independent professional advice in order to perform his/her duties as a director may convene, or request the secretary of the Company (the "Company Secretary") to convene, a meeting of the Board to approve the seeking of independent legal or other professional advice. The Company has arranged directors and officers liability insurance coverage in respect of legal action against the directors.

The attendance of each individual member of the following meetings during the year under review is set out in the following table:

| | Meetings attended/Eligible to attend | | | | | |
|---|---|---|---|---|---|---|
| **Name of Director** | **Board** | **Audit Committee** | **Corporate Governance Committee** | **Nomination Committee** | **Remuneration Committee** | **General meetings** |
| *Executive Directors* | | | | | | |
| Mr. Ching Man Chun, Louis *(Chairman and Managing Director)(Note 1)* | **4/4** | | | | | **1/1** |
| Mr. Sue Ka Lok | **4/4** | | **2/2** | | | **2/2** |
| Ms. Xu Wei *(Note 2)* | **3/3** | | | | | **1/1** |
| Mr. Gary Alexander Crestejo *(Note 2)* | **3/3** | | | | | **1/1** |
| Mr. Suen Cho Hung, Paul *(Note 3)* | **1/1** | | | | | **0/2** |
| Ms. Chau Mei Wah, Rosanna *(Note 4)* | **2/2** | | | | | **2/2** |
| *Independent Non-executive Directors* | | | | | | |
| Mr. Yam Kwong Chun | **4/4** | **2/2** | **2/2** | **3/3** | **3/3** | **2/2** |
| Mr. Yeung Kim Ting *(Note 2)* | **3/3** | **1/1** | **1/1** | **1/1** | **1/1** | **1/1** |
| Mr. Wong Yee Shuen, Wilson *(Note 5)* | **3/3** | **1/1** | **1/1** | | | |
| Mr. Chu Kin Wang, Peleus *(Note 6)* | **1/1** | **1/1** | **1/1** | **2/2** | **2/2** | **1/1** |
| Mr. Lau Yuen Sun, Adrian *(Note 7)* | **4/4** | **2/2** | **2/2** | **3/3** | **3/3** | **2/2** |

## BOARD OF DIRECTORS (continued)

### The Board (continued)

*Notes:*

1. appointed on 1st June, 2017
2. appointed on 17th August, 2017
3. resigned on 30th September, 2017
4. resigned on 29th December, 2017
5. appointed on 6th November, 2017
6. retired upon the conclusion of the annual general meeting on 27th September, 2017
7. resigned on 30th April, 2018

## CHAIRMAN AND MANAGING DIRECTOR

Mr. Suen Cho Hung, Paul ("Mr. Suen") has taken up the positions of Chairman of the Board and Managing Director of the Company from 28th March to 30th September, 2017. Following the resignation of Mr. Suen of the above mentioned positions, Mr. Ching, an Executive Director of the Company, has taken up the positions of the Chairman of the Board and the Managing Director of the Company. The Board considers that vesting the roles of chairman and chief executive in the same person enables more effective and efficient planning and implementation of business plans, the Board also believes that the balance of power and authority is adequately ensured.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors are appointed for a specific term, subject to retirement by rotation at least once every three years in accordance with the Bye-laws. Mr. Yam Kwong Chun, Mr. Yeung Kim Ting (appointed as an Independent Non-executive Director on 17th August, 2017) and Mr. Wong Yee Shuen, Wilson (appointed as an Independent Non-executive Director on 6th November, 2017) as well as Mr. Chu Kin Wang, Peleus (retired as an Independent Non-executive Director on 27th September, 2017) and Mr. Lau Yuen Sun, Adrian (resigned as an Independent Non-executive Director on 30th April, 2018) have appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules. The Company has received the annual confirmation of independence from each of the Independent Non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent.

## NOMINATION, APPOINTMENT AND RE-ELECTION OF DIRECTORS

Under the Bye-laws, the directors shall have the power to appoint any person as a director at any time either to fill a casual vacancy on the Board or as an addition to the existing Board and such person is subject to retirement and re-election at the first general meeting or first annual general meeting respectively after his/her appointment. All directors are subject to retirement and re-election by the Shareholders on a rotation basis and pursuant to the Bye-laws, at each annual general meeting, one-third of the directors for the time being shall retire from office by rotation such that each director shall be subject to retirement by rotation at least once every three years at the annual general meeting. The Board published the procedures for Shareholders to propose a person for election as a director on the Company's website and delegated its authority to the Nomination Committee for making recommendation to the Board on the appointment or re-appointment of directors.

## NOMINATION COMMITTEE

The members of the Nomination Committee during the year and up to the date of this report were:

Mr. Yam Kwong Chun (Chairman of the Nomination Committee)
Mr. Yeung Kim Ting (appointed as member of the Nomination Committee on 17th August, 2017)
Mr. Wong Yee Shuen, Wilson (appointed as member of the Nomination Committee on 6th November 2017)
Mr. Chu Kin Wang, Peleus (ceased as member of the Nomination Committee on 27th September, 2017)
Mr. Lau Yuen Sun, Adrian (ceased as member of the Nomination Committee on 30th April 2018)

The terms of reference of the Nomination Committee adopted by the Board, which follow closely the requirements of the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules, have been posted on the websites of the Company and the Hong Kong Stock Exchange. The Nomination Committee is provided with sufficient resources to discharge its duties.

The appointment of a new director shall first be considered by the Nomination Committee. In considering the appointment of a director, the Nomination Committee applies the criteria in the nomination policy of the Company and identifies suitably qualified candidate to become Board members to complement the Company's corporate strategy. The recommendations of the Nomination Committee will then be put to the Board for consideration and approval. A candidate to be appointed as independent non-executive director must also satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

During the year under review, the Nomination Committee had reviewed the structure, size and composition of the Board, reviewed the policy on Board diversity and the progress on achieving the measurable objectives under such policy, reviewed the independence of independent non-executive directors, made recommendation to the Board for putting forward directors, who are subject to retirement by rotation, for re-appointment as directors at the annual general meeting. The Nomination Committee also reviewed the independency of the newly appointed independent non-executive directors and made recommendation to the Board for the appointment of new directors.

## REMUNERATION COMMITTEE

The members of the Remuneration Committee during the year and up to the date of this report were:

Mr. Wong Yee Shuen, Wilson (appointed as member of the Remuneration Committee on 6th November, 2017 and as Chairman of the Remuneration Committee on 30th April, 2018)
Mr. Yam Kwong Chun (member of the Remuneration Committee)
Mr. Yeung Kim Ting (appointed as member of the Remuneration Committee on 17th August, 2017)
Mr. Chu Kin Wang, Peleus (ceased as member of the Remuneration Committee on 27th September, 2017)
Mr. Lau Yuen Sun, Adrian (ceased as Chairman and member of the Remuneration Committee on 30th April, 2018)

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of directors and the senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee, pursuant to its terms of reference, has power either (i) to determine, with delegated responsibility, the remuneration packages of executive directors and senior management; or (ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. The terms of reference of the Remuneration Committee adopted by the Board, which follow closely the requirements of the code provisions of the CG Code, have been posted on the websites of the Company and the Hong Kong Stock Exchange. The Remuneration Committee is provided with sufficient resources to discharge its duties.

During the year under review, the Remuneration Committee determined, with delegated responsibility, the remuneration of the newly appointed executive directors, managing director and independent non-executive directors. The emoluments of the new directors of the Company are determined based on their skills, knowledge and level of responsibilities and by reference to the prevailing market conditions. The ultimate objective of the remuneration is to ensure that the Company is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company.

Information on emoluments of the directors of the Company for the year ended 31st March, 2018 is set out in note 6 to the consolidated financial statements. During the year under review, none of the directors or any of their associates was involved in deciding their own remuneration.

## CORPORATE GOVERNANCE COMMITTEE

The members of the Corporate Governance Committee during the year and up to the date of this report:

Mr. Sue Ka Lok (Chairman of the Corporate Governance Committee)
Mr. Yam Kwong Chun (member of the Corporate Governance Committee)
Mr. Yeung Kim Ting (appointed as member of the Corporate Governance Committee on 17th August, 2017)
Mr. Wong Yee Shuen, Wilson (appointed as member of the Corporate Governance Committee on 6th November, 2017)
Mr. Chu Kin Wang, Peleus (ceased as member of the Corporate Governance Committee on 27th September, 2017)
Mr. Lau Yuen Sun, Adrian (ceased as member of the Corporate Governance Committee on 30th April, 2018)

The principal duties of the Corporate Governance Committee include making recommendations to the Board on the Company's policies and practices on corporate governance; reviewing and monitoring (i) the training and continuous professional development of the directors and the senior management of the Company; (ii) the Company's policies and practices on compliance with legal and regulatory requirements; (iii) the code of conduct and compliance manual (if any) applicable to the Company's employees and directors; and (iv) the Company's compliance with the Code and disclosure in the Corporate Governance Report. The terms of reference of the Corporate Governance Committee, which follow closely the requirements of the CG Code, was adopted by the Board. The Corporate Governance Committee is provided with sufficient resources to discharge its duties.

During the year under review, the Corporate Governance Committee reviewed the compliance of the Code and the disclosure requirements for the Corporate Governance Report to be incorporated in the annual report for the year ended 31st March, 2017.

## AUDIT COMMITTEE

The members of the Audit Committee during the year and up to the date of this report were:

Mr. Yeung Kim Ting (appointed as member of the Audit Committee on 17 August, 2017 and as Chairman of the Audit Committee on 27th September, 2017)
Mr. Yam Kwong Chun (member of the Audit Committee)
Mr. Wong Yee Shuen, Wilson (appointed as member of the Audit Committee on 6th November, 2017)
Mr. Chu Kin Wang, Peleus (ceased as Chairman and member of the Audit Committee on 27th September, 2017)
Mr. Lau Yuen Sun, Adrian (ceased as member of the Audit Committee on 30th April, 2018)

The principal duties of the Audit Committee include reviewing the Company's financial reporting system, risk management and internal control systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), reviewing the Group's financial information and reviewing the relationship with the external auditor of the Company. The terms of reference of the Audit Committee adopted by the Board, which follow closely the requirements of the code provisions of the Code, have been posted on the websites of the Hong Kong Stock Exchange and the Company. The Audit Committee is provided with sufficient resources to discharge its duties.

## AUDIT COMMITTEE (continued)

The Audit Committee performed the responsibilities under its terms of reference and other duties as set out in code provisions of the CG Code applicable to the Audit Committee. It met with the directors and external auditors to review the interim/annual results and reports. It considered and discussed the reports with external auditors, with a view of ensuring that the Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong.

During the year under review, the Audit Committee reviewed and made recommendation for the Board's approval of the draft audited financial statements of the Group for the year ended 31st March, 2017 and the draft unaudited interim financial statements of the Group for the six months ended 30th September, 2017, discussed the accounting policies and practices which may affect the Group with the management and the Company's external auditor, made recommendation on the re-appointment of external auditor for the approval of the Shareholders in the annual general meeting of the Company, approved the fees charged by the external auditor, reviewed the internal audit reports prepared by the internal audit department, reviewed the risk management and internal control systems of the Group and reviewed the continuing connected transaction in compliance with the annual review requirements of the Listing Rules.

## AUDITOR'S REMUNERATION

Messrs. Deloitte Touche Tohmatsu ("Deloitte"), the Group's principal auditor, was re-appointed by the Shareholders at the annual general meeting of the Company held on 27th September, 2017 as the Company's external auditor until the next annual general meeting. For the year ended 31st March, 2018, the total fee paid/payable in respect of statutory audit and non-audit services provided by Deloitte is set out in the following table:

| **Services rendered** | **Fee paid/ payable HK$'000** |
|---|---|
| Audit services | **1,448** |
| Non-audit services: | |
| Review of interim results | **330** |
| **Total fee paid/payable for the year** | **1,798** |

*Note:* Statutory audit fee charged to profit and loss for the year ended 31st March, 2018 was HK$1,503,000, comprising amounts of HK$1,448,000 and HK$55,000 paid and payable to Deloitte and other auditors of certain subsidiaries of the Company respectively.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31st March, 2018, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are fair and reasonable and prepared the financial statements on a going concern basis. The statement made by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 50 and 55 of this annual report.

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has the overall responsibility for maintaining a sound and effective system of risk management and internal control and for reviewing its effectiveness, particularly in respect of the controls on financial, operational, compliance and risk management, to achieve the Company's business strategies and the Group's business operations. The Directors have adopted an internal control policy for the Group. The internal control policy is fundamental to the successful operation and day-to-day running of a business and it assists the Company in achieving its business objectives.

The policy has been developed with a primary objective of providing general guidance and recommendations on a basic framework of risk management and internal control. The Company's risk management and internal control systems comprises a well-established organisational structure and comprehensive policies and standards. Procedures have been designed to safeguard assets against unauthorised use or disposition, to ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and to ensure compliance with applicable laws and regulations. The purpose of the Company's risk management and internal control systems are to provide reasonable and not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure to achieve Company's business objectives.

The following risk management and internal control systems have been established and executed within the Group:

- control environment including organisational structure, limit of authority, reporting lines and responsibilities;
- risk management self-assessment and internal control review conducted from time to time by the Group;
- appropriate risk management measures such as written policies and procedures; and
- effective information platforms to facilitate internal and external information flow.

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (continued)

The Board oversees the Group's risk management and internal control systems on an ongoing basis. The Board has conducted an annual review of the effectiveness of the systems of risk management and internal control systems of the Group for the year ended 31st March, 2018, covering the changes of significant risks since the last annual review, the scope and quality of management's ongoing monitoring of risks and of the internal control systems, risk management weaknesses and all material controls, including financial, operational, compliance controls, and particularly the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. The management of the Company has provided confirmation to the Board on the effectiveness of the internal control system. The Board considers the risk management and internal control systems effective and adequate.

The Company has an internal audit department which monitors and evaluates the effectiveness of the risk management and internal controls within the Group's operating and financial reporting systems. The Board/Audit Committee are supported by the internal audit department in reviewing the effectiveness of the risk management and internal control systems. Procedures are in place to identify, evaluate and manage significant risks on operational control, financial control and compliance control. If there are any material internal control defects, the internal audit department will report and recommend measures for improvement to the Board/Audit Committee. The Company adopted inside information policy which set out procedures and controls for the handling the dissemination of inside information.

## COMPANY SECRETARY

Following the resignation of Ms. Chan Yuk Yee ("Ms. Chan") as the Company Secretary, Ms. Cheung Wa Ying ("Ms. Cheung") has been appointed as the Company Secretary with effect from 30th September, 2017. The Company Secretary is responsible for facilitating the Board process, as well as communications among Board members. Biographical details of Ms. Cheung are set out under the section headed "Biographies of Directors and Company Secretary" on page 14 to the annual report.

Each of Ms. Chan and Ms. Cheung confirmed that she has complied with all the qualifications and training requirements under the Listing Rules during the year ended 31st March, 2018.

## COMMUNICATION WITH SHAREHOLDERS

The Board makes its endeavour to maintain an ongoing and transparent communication with the Shareholders and, in particular, uses general meetings to communicate with them and encourage their participation. The Company also uses various other means of communication with the Shareholders, such as publication of annual and interim reports, announcements, circulars and additional information on the Group's business activities and development on the Company's website: www.ptcorp.com.hk.

## COMMUNICATION WITH SHAREHOLDERS (continued)

A shareholders communication policy was adopted to ensure that Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company.

During the year under review, there is no change to the memorandum of association of the Company and the Bye-laws. A copy of the memorandum of association and the Bye-laws is available at the "Corporate Governance" section of the Company's website.

During the year under review, all resolutions put forward at the general meetings were conducted by way of poll and poll results were posted on the websites of the Company and the Hong Kong Stock Exchange in compliance with the requirements of the Listing Rules. Details of procedure for conducting a poll was explained at each general meeting of the Company and questions from Shareholders regarding the voting procedures were answered. Notices of not less than 20 clear business days and 10 clear business days were sent to the Shareholders for the annual general meeting and the special general meeting of the Company respectively during the year under review.

## SHAREHOLDERS' RIGHTS

Shareholder(s) carrying not less than one-tenth of the total voting right at general meeting of the Company have the right, by signed written requisition to the Company's registered office and principal place of business in Hong Kong, to require a special general meeting to be called for the business specified in such requisition.

Shareholder(s) carrying not less than one-twentieth of the total voting right at general meeting or not less than 100 Shareholders have the following rights by depositing the following documents at the Company's registered office and principal place of business in Hong Kong: (i) not less than six weeks before the annual general meeting, a signed written request for a proposed resolution (other than a proposal for election as a director) to be moved at that meeting; and (ii) not less than one week before the general meeting, a signed statement of not more than 1,000 words with respect to any proposed resolution or business to be dealt with in that general meeting.

For the above purpose, the Shareholder(s) concerned shall also deposit with the Company a sum of money reasonably sufficient to meet the expenses in serving the request/statement to all Shareholders. Procedures for Shareholder(s) to propose a person for election as a director of the Company are available at the "Corporate Governance" section of the Company's website. Shareholders who have enquires to the Board may write to the Company Secretary at the Company's principal place of business in Hong Kong.

# Environmental, Social and Governance Report

## 1. ABOUT THE REPORT

The Environmental, Social and Governance ("ESG") Report presents the efforts and achievement made in sustainability and social responsibility by the Company and its subsidiaries (collectively the "Group" or "we"). The ESG Report details the performance of the Group in carrying out the environmental and social policies and fulfilling the principle of sustainable development.

### 1.1 Scope of the Report

The ESG Report covers the environmental and social performance of the Group's business for the period between 1st April, 2017 and 31st March, 2018 (the "Year"). The environmental key performance indicators ("KPIs") as disclosed in the ESG Report are based on the performance of the principle office of the Group in Hong Kong from 1st April, 2017 to 31st March, 2018 [1]. The Group will extend its disclosure to other offices in a gradual manner. (For details of "Governance", please refer to the Corporate Governance Report on pages 25 to 36 of the Company's annual report.)

### 1.2 Reporting Standard

The ESG Report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

1 According to the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Rules Governing the Listing of Securities, an issuer can decide on the operational boundaries of its ESG Report in view of its individual circumstances. As Hong Kong is the principle place of business of the Group, we focus on the performance of the principal office of the Group in Hong Kong for the Year.

## 1. ABOUT THE REPORT (continued)

### 1.3 Stakeholder Engagement

Understanding and taking actions towards stakeholders' concerns and expectations is essential towards our sustainability development. We ensure various communication channels are set up so that comments and feedbacks from major stakeholders are effectively and timely addressed.

The following table shows the main expectations and concerns of the key stakeholders as identified by the Company, and the corresponding management response.

| Stakeholders | Expectations | Management Feedback |
|---|---|---|
| Customers | Integrity<br>High quality services | Ensuring contractual obligations are in place, and providing high quality services in order to satisfy customers. |
| Employees | Humanity<br>Health and safety<br>Career development<br>Labour 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 labour rights. |
| Shareholders | Return on investment<br>Interest protection<br>Information transparency<br>Operating risks management | Ensuring transparency and efficient communications through annual general meetings and regular announcements published in websites of the Stock Exchange and the Company. |
| Government | Abide to law<br>Fulfil tax obligation<br>Cooperation for mutual benefits | Upholding integrity and compliance in operations, paying tax on time in return contributing to the society. |
| Suppliers | Integrity | Ensuring contractual obligations are in place, performing supplier selection with due care. |

### 1.4 Information and Feedbacks

Your opinions on the Group's ESG performance are highly valued. If you have any advice or suggestions, please feel free to contact the Company by referring to "Corporate Information" on page 3 of the Company's annual report.

## 2. ABOUT US

The Group is principally engaged in the businesses of investment holding, strategic investment, investment in other financial assets and securities, provision of finance, and property investments. During the Year, the Group has also commenced the business of commodities trading which presently focuses on the trading of metals, and has recently expanded its scope of business to fishery products, as a way to diversify its source of revenue.

The Group has recognized that our businesses, no matter the investment segment or trading segment, will cause environmental and social impacts in a certain way, either directly or indirectly. Hence, we put focus on our environmental and social performance by striving to protect the natural environment, share vibrant enterprise growth with employees and keep paying back to the society with our spirit and effort in sustainable development. By upholding the mission "to become a leading, diversified investment conglomerate that excels at investing in and maximizing returns of companies with high growth potential", the Group has integrated the ESG concerns into its business strategies and daily operations. We endeavour to create a harmonious, civilized and sustainable community through maintaining a high-standard operation with integrity, providing service of high quality and caring for the environment, our employees and the community.

## 3. ENVIRONMENTAL PROTECTION

Given the various types of environmental problems arising around the world, integrating environmental protection into business operation has become a trend in lots of industries. As a responsible corporation, the Group strictly conforms with a series of laws and regulations such as the *Air Pollution Control Ordinance* and *Waste Disposal Ordinance*. Despite the fact that our businesses do not generate heavy pollution or consume a large amount of resources, the Group still puts in place a number of policies which guide emission control, waste management, water saving and energy conservation in order to deliver its long-standing commitment to environmental protection. During the Year, the Group was not aware of any material non-compliance with relevant laws and regulations relating to environmental issues.

### 3.1 Emission

As an investment and trading conglomerate, manufacturing processes are not involved thus direct air and water pollutants were not emitted from our main businesses during the Year. However, private cars owned by the Group were used in supporting and maintaining our business and daily operation which was a source of air pollutants.

Air pollutants emission from the use of vehicles during the Year:

| Types | Weight (g) |
|---|---|
| Nitrogen oxides ($NO_x$) | **1,814** |
| Sulphur oxides ($SO_x$) | **45** |
| Particulate matter (PM) | **134** |

## 3. ENVIRONMENTAL PROTECTION (continued)

### 3.1 Emission (continued)

Global warming has sparked heated discussions in recent years across the globe and actions were commenced by different sectors of the society in an attempt to tackle the stern circumstance, the Group is no exception. We have laid emphasis on greenhouse gas emission control by exerting ourselves in the implementation of an assortment of measures ranging from resources management to energy saving (For details, please refer to "Green Operation" and "Energy Conservation"). Office operation is the source of carbon emission of the Group, which produces greenhouse gas directly and indirectly through the use of electricity, use of vehicles, disposal of paper to landfill and business trip by staff [2].

Greenhouse gas emission during the Year:

| Types | Weight (tones $CO_2$) |
|---|---|
| Total emission | **42.49** |
| Direct emission (Scope 1) | **8.35** |
| Indirect emission (Scope 2) | **26.34** |
| Indirect emission (Scope 3) | **7.8** |
| Intensity (emission/employee) | **1.42** |

In addition to air emission, the generation of solid waste is another type of emission of the Group. In the commodities trading segment, we are only involved in the buying and selling of commodities therefore no packaging materials were used and no waste associated with packaging were generated during the Year. Instead, solid waste produced by the Group was resulted from the daily office operation which generated both non-hazardous and hazardous waste.

Wastes generated during the Year:

| Types | Weight (tones) | Intensity (tones/employee) |
|---|---|---|
| Non-hazardous waste (including paper, daily garbage and construction waste due to office renovation) | **21.09** | **0.7** |

2 As water consumption fee is included in the management fee of the office, greenhouse gas emission from water and sewage treatment are not able to be calculated.

## 3. ENVIRONMENTAL PROTECTION (continued)

### 3.1 Emission (continued)

| Type | Amount (pieces) | Intensity (pieces/employee) |
|---|---|---|
| Hazardous waste (toner cartridges)[3] | **15** | **0.5** |

Being committed to taking part in proper waste management, the Group ensures that all hazardous and non-hazardous wastes are collected and handled in a proper and legal manner by qualified parties in a bid to avoid detrimental impacts to the environment. We uphold the principle of "Reduce, Reuse, Recycle and Replace" ("4Rs") in order to further optimize our waste management. (For details, please refer to "Green Operation")

### 3.2 Green Operation

It is one of the Group's commitments to carry out a responsible environmental management leading to a sustainable use of resources in building a green environment. Pragmatically, we operate our office in an environmentally-friendly way.

As a way to reduce the amount of waste we generate, we are dedicated to implementing a plenty of measures by sticking to the principle of 4Rs. We always encourage our staff to reuse envelopes, folders, file cards and other stationary. We purchase refills instead of new pens so that staff can reuse their pens in a bid to avoid disposal. Besides, the use of disposable and non-recyclable products is avoided by replacing them with products that are recyclable or reusable. For instance, rechargeable batteries are used instead of disposable batteries in our office. By adopting green procurement practices, we always prefer consumables which are made by recycled materials with minimal packaging. Employees are also encouraged to reuse materials so as to minimize the amount of waste discarded to landfill.

Apart from waste, greenhouse gas emission is another major concern of the Group that our dedication to cutting carbon footprint can be reflected by a couple of measures, targeting at various source of emission. For example, employees who are engaged actively in overseas meetings are encouraged to substitute phone or video conferences for overseas business travel in an effort to reduce carbon footprint on transportation. We also proactively avoid or reduce the amount of paper waste generated by using electronic means to disseminate information internally, setting printers to default duplex and monitoring printing volume regularly. In our office, most of the paper we purchase is produced in an environmentally sustainable process.

3 Weight of discarded toner cartridges were not measured or provided by the qualified waste collection company.

## 3. ENVIRONMENTAL PROTECTION (continued)

### 3.3 Energy Conservation

The consumption of electricity and use of vehicles are the major source of energy consumption of the Group. During the Year, the total energy consumption of the Group's principle office was 63.1 MWh, each employee has on average consumed 2.1 MWh of energy. The Group is aware of the possible impacts resulted from the use of energy such as the emission of greenhouse gases and other air pollutants, therefore we shoulder the burden of emission reduction and have dedicated considerable efforts to reducing energy consumption in our office operation.

Energy consumption by type during the Year:

| Types | Consumption (MWh) |
|---|---|
| Use of vehicles | **29.75** |
| Electricity usage | **33.35** |

To effectively lower energy consumption, working on lighting system should be the most direct and easy approach by most companies. In an attempt to enhance the efficiency of the lighting system and minimize electricity use, we ensure all light fixtures and lamps are cleaned regularly and maximize the use of natural light as far as practicable. We have installed energy-efficient lighting and separated the office area into different lighting zones so that lighting can be used more flexibly.

In addition, we also ensure filters and fan coil units of the air conditioning system are cleaned regularly to maintain its high efficiency. Employees are allowed to wear light every Friday so that energy for air conditioning can be saved. The prevention of energy waste is another important aspect, we thereby use timer to switch off printers completely and set all computers to sleeping mode when idling. The Group will continue to strengthen its energy-saving measures in an effort to make it an energy-efficient enterprise.

### 3.4 Water Conservation

Water is a precious resource to everyone therefore conservation of water is also of great importance from the Group's perspective. We continued to implement certain measures which help cutting down on water consumption. The Group has recognized that raising employees' awareness of water saving is essential in bringing actual effects to water conservation[4]. Thus, we continued to promote water saving awareness and best practices within the Group. Our staff reused water as far as practicable so as to prevent waste of water. We are also going to install and use water-efficient or low-flow water fixtures such as faucets and showerheads in our office.

4 As water consumption fee is included in the management fee of the office, water consumption amount was not able to be obtained or recorded.

## 4. EMPLOYEE-FOCUSED

Human resources act as the pillar of the Group, thus we always put the rights and well-being of our employees in the first place. The Group stringently abides by relevant laws and regulations during recruitment, promotion, remuneration and dismissal of employees such as the *Employment Ordinance of Hong Kong*. We have also put in place a human resources policy which guides employment and termination, salary review and promotion, as well as other welfare and equal opportunities.

### 4.1 Employment

To recruit talent, we offer competitive remuneration to all of our employees according to both internal and external benchmark. The Group reviews and adjusts salary structure of the employees annually as one of the ways to retain talents. During recruitment, anti-discrimination is highly valued that all candidates are assured of a fair and open recruitment process. We do not tolerate any form of discrimination on the grounds of gender, race, age, nationality, religion, marital status, family status, pregnancy and disability, not only during the selection of candidates, but also consideration of promotion, training and reward provision of all our employees. Whenever an employee offers to resign or being laid off, interview will be arranged so as to collect precious opinion for any possible improvement of the Group's policies.

The Group strictly prohibits the use of child labour in accordance with the relevant laws and regulations such as the *Employment of Children Regulations*. We ensure that no child labour is employed by verifying the identity of new employees before the commencement of work. Forced labour is also stringently prohibited that no staff engagement in unacceptably dangerous and/or hazardous work, physical punishment, abuse, servitude, peonage or trafficking is allowed in any of our operations and services. During the Year, the Group has employed a total of 30 employees.

### 4.2 Promotion and Development

It is the Group's conviction that business success is highly dependent on the continuous improvement in employees' performance and productivity. We therefore are aware of the importance in fostering our employees' knowledge and skills, as well as their long-term career development and growth with the Group. In order to enhance the effectiveness and efficiency of the management of the Group, we have provided training specific to the needs of the management, such as training on corporate governance, to our staff at the management level. On the other hand, junior staff is kept updated with knowledge and trained with techniques regarding the application of new software or hardware, such as computer and accounting programmes, needed for their daily work. The Group is continuously stepping up our education and training policy, planning to provide all our employees with necessary up-to-date and job-related training so that they can keep abreast of the ever-changing business environment.

## 4. EMPLOYEE-FOCUSED (continued)

### 4.2 Promotion and Development (continued)

While education acts as the foundation for improvement and development of employees, chances of promotion hence a clear career pathway are also provided by the Group. Performance review for employees is conducted regularly so that employees who have improved and met the requirements to enter the next level can be considered to be promoted. Internal promotion is always preferred over external recruitment by the Group so as to provide the best chance for employees to grow together with the Group. It is hoped that all employees are able to find their position and future by working in the Group.

### 4.3 Health and Safety

The Group always put priority on employees' health and safety thus it is devoted to providing and maintaining a healthy and safe workplace for its staff and other persons likely to be affected by its business activities and operations through abiding by relevant laws such as the *Occupational Safety and Health Ordinance*. Health and safety standards are given prime consideration in our operations and regulatory compliance is strongly upheld by the Group.

Our employees at all levels, particularly the management, are accountable for maintaining a vigorous and injury-free working environment through the delivery of the safety initiatives. Periodic cleaning of air-conditioning systems, regular floor care maintenance, routine pest control service and disinfection treatment of carpets are carried out to ensure a hygienic working environment. The Group also participates in the annual fire and evacuation drill organized by the respective building management offices so that employees are familiarized with the fire evacuation route and their awareness of fire precaution can be strengthened. We have also set clear guidelines for work under typhoon and rainstorm conditions in accordance with relevant regulations so as to ensure the safety of all staff under extreme weather.

Once reports on unsafe and unhealthy conditions or work practices are received, or injuries and illnesses have occurred, the Group will make corresponding responses immediately by investigating the cases, planning for remedial measures and providing necessary assistance to the persons involved.

### 4.4 Welfare

As a way to deliver care to employees, and at the same time stimulate their working initiative, the Group offers all employees a wide range of welfare and benefits. We adopt five-day work week arrangement so as to assure employees of sufficient rest time. Our employees are also entitled to a number of leaves according to laws such as public holidays, annual leave, and maternity leave. If the day-off falls on a statutory holiday, compensatory time off will be offered on the following day. The Group also offers benefits to employees including discretionary bonus, training and provident funds. The share option scheme of the Company is established for the eligible participants (including employees).

Work-life balance is also emphasized by the Group. We have organized activities such as Christmas party and Chinese New Year lunch in a bid to provide opportunities for employees to relax and interact. We also encourage our staff to take part in social or community activities at leisure in an attempt to achieve a more balanced life.

## 5. BUSINESS OPTIMIZATION

A sustainable development of an enterprise highly hinges on the quality and efficiency of its business operations. The Group spares no effort in optimizing its operations and maintaining its reputation by properly managing its supply chain, strictly overseeing its products and services' quality, earnestly serving its customers and behaving ethically in the market.

### 5.1 Supply Chain Management

To thoroughly fulfill the environmental and social responsibility, management of our business operation including the supply chain cannot be neglected. As a way to ensure that qualified products and service are provided at the request of the Group, we work closely with all our supply chain partners in an effort to oversee our supply chain practices thoroughly. Procedures for the selection of suppliers have been set up and strictly followed and the Group always prefers suppliers with high credibility. We by no means work with suppliers who are not in compliance with applicable laws and regulations with respect to anti-discrimination, employment of child or forced labour, bribery, corruption, irresponsible environmental behavior or any other unethical practices. The Group also aims to attain responsible purchasing and build up a competitive advantage through the green procurement process.

### 5.2 Products and Service Quality

In order to attain a sustainable growth and development of the business, the Group makes every effort to strive for the complete provision of products and service in accordance with customers' needs and expectations and it never spares itself in the pursuit of excellence in products and service quality.

We have put in place a system for quality management, aiming at ensuring that our products meet the relevant health and safety requirements and the service we provide are of high quality. For the money lending business, the Group has obtained the Money Lender's License in conformity with the *Money Lenders Ordinance*. For metals and fishery products trading, products are always inspected and tested with reference to relevant standards prior to selling. Metals traded by the Group are also in compliance with the standard specifications of high-quality metals as set out by the London Metal Exchange, which is a world centre for the trading of industrial metals. During the sales of products, certificates of origin and quality are always provided to buyers as a guarantee of the quality of our products.

## 5. BUSINESS OPTIMIZATION (continued)

### 5.3 Customer Services

It is one of the Group's targets to provide the highest satisfaction to all our customers through the provision of customer services which are customer-focused, service-oriented and community-cared. We endeavour to address the needs of customers by providing responsive, caring, professional and customized service as a way to align our business operations with best practices.

With regard to information security and confidentiality, the Group also plays a vital role in handling information of customers, employees and other stakeholders with the highest degree of carefulness. Facing a serious concern on privacy protection among the public, the Group carries out several measures which are in line with the *Personal Data (Privacy) Ordinance*. We only collect personal data which are necessary for conducting business, and the data will not be used for purposes without the consent of the related persons. Personal data is also not transferred or disclosed to entities which are not a member of the Group. Moreover, we maintain appropriate security systems designed to prevent unauthorized access to personal data.

### 5.4 Business Ethics

Unethical behavior is a potential source of risk that not only can tarnish the image of an enterprise, but also weaken its stability. Business development can also be retarded by unethical issues, thereby the Group is dedicated to running the business with integrity and cultivating an ethical corporate culture.

By conforming to relevant laws and regulations, we have established a Code of Conduct and a policy which embody the principles of integrity, honesty, respect, trust and judgment. The Group under no circumstances allows any bribery, corruption, extortion, money-laundering or other fraudulent activities thus employees are required to possess high ethical standard and demonstrate professional conducts in all business dealings with our stakeholders. During the Year, the Group was not aware of any breach of laws and regulations that have a significant impact on the Group in relation to bribery, corruption, extortion, fraud and money laundering.

## 6. COMMUNITY CONTRIBUTION

Support from the society and community has long been an important element for the growth and development of the Group, we therefore notice the importance of serving the community with love and care. Our staff is encouraged to participate in charitable events and activities, and we will continue to step up our community contribution by dedicating more efforts in participating or organizing community and charitable activities in the future so as to share fruitful enterprise growth with the community.

## APPENDIX: KPI REPORTING GUIDE

| KPI | Description | Disclosed in | Remarks |
|---|---|---|---|
| **Environment** | | | |
| **A1 Emissions** | | | |
| A1.1 | The types of emissions and respective emissions data. | Emission | |
| A1.2 | Greenhouse gas emissions in total and, where appropriate, intensity. | Emission | |
| A1.3 | Total hazardous waste produced and, where appropriate, intensity. | Emission | |
| A1.4 | Total non-hazardous waste produced and, where appropriate, intensity. | Emission | |
| A1.5 | Description of measures to mitigate emissions and results achieved. | Green Operation; Energy Conservation | |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. | Emission; Green Operation | |
| **A2 Use of Resources** | | | |
| A2.1 | Direct and/or indirect energy consumption by type in total and intensity. | Energy Conservation | |
| A2.2 | Water consumption in total and intensity. | Not Applicable | As water consumption fee is included in the management fee of the office, water consumption amount was not able to be obtained or recorded |
| A2.3 | Description of energy use efficiency initiatives and results achieved. | Energy Conservation | |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | Water Conservation | |
| A2.5 | Total packaging material used for finished products and, if applicable, with reference to per unit produced. | Emission | |

| KPI | Description | Disclosed in | Remarks |
|---|---|---|---|
| **A3 The Environment and Natural Resources** | | | |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Emission;<br>Green Operation;<br>Energy Conservation | |
| **Social** | | | |
| **B1 Employment** | | | |
| B1.1 | Total workforce by gender, employment type, age group and geographical region. | *No relevant disclosure for the Year* | |
| B1.2 | Employee turnover rate by gender, age group and geographical region. | *No relevant disclosure for the Year* | |
| **B2 Health and Safety** | | | |
| B2.1 | Number and rate of work-related fatalities. | *No relevant disclosure for the Year* | |
| B2.2 | Lost days due to work injury. | *No relevant disclosure for the Year* | |
| B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored. | Health and Safety | |
| **B3 Development and Training** | | | |
| B3.1 | The percentage of employees trained by gender and employee category. | *No relevant disclosure for the Year* | |
| B3.2 | The average training hours completed per employee by gender and employee category. | *No relevant disclosure for the Year* | |
| **B4 Labor Standards** | | | |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Employment | |
| B4.2 | Description of steps taken to eliminate such practices when discovered. | *No relevant disclosure for the Year* | |

| KPI | Description | Disclosed in | Remarks |
|---|---|---|---|
| **B5 Supply Chain Management** | | | |
| B5.1 | Number of suppliers by geographical region. | *No relevant disclosure for the Year* | |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | Supply Chain Management | |
| **B6 Product Responsibility** | | | |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | *No relevant disclosure for the Year* | |
| B6.2 | Number of products and service related complaints received and how they are dealt with. | *No relevant disclosure for the Year* | |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | *No relevant disclosure for the Year* | |
| B6.4 | Description of quality assurance process and recall procedures. | Products and Services Quality | |
| B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | Customer Services | |
| **B7 Anti-corruption** | | | |
| B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | Business Ethics | |
| B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | Business Ethics | |
| **B8 Community Investment** | | | |
| B8.1 | Focus areas of contribution. | *No relevant disclosure for the Year* | |
| B8.2 | Resources contributed to the focus area. | *No relevant disclosure for the Year* | |

Deloitte. 德勤

**TO THE SHAREHOLDERS OF**
**PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED**
**(FORMERLY KNOWN AS ITC CORPORATION LIMITED)**
*(incorporated in Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of PT International Development Corporation Limited (formerly known as ITC Corporation Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 56 to 137, which comprise the consolidated statement of financial position as at 31st March, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

## KEY AUDIT MATTERS (continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment assessment of interest in an associate*** | |
| We identified the impairment assessment of interest in PYI Corporation ("PYI"), an associate, as a key audit matter due to the significance of the Group's interests in PYI in the context of the Group's consolidated financial statements as a whole, combined with the significant judgements involved in management's impairment assessment of the interests in associates.<br><br>PYI is listed in Hong Kong and the carrying value of the Group's interest in PYI as at 31st March, 2018 amounted to approximately HK$709,232,000, which represented approximately 55% of the net assets of the Group.<br><br>As disclosed in note 4 to the consolidated financial statements, the carrying value of the Group's interest in PYI exceeded the market value of the Group's holding therein as at 31st March, 2018. As disclosed in note 18(c)(i) to the consolidated financial statements, management has assessed the recoverable amount of the Group's interest in PYI using value in use calculations based on the present value of the estimated future cash flows expected to arise from dividends to be received and was satisfied that no impairment loss in respect of the Group's interest in PYI was necessary during the year ended 31st March, 2018. | Our procedures in relation to the impairment assessment of interest in an associate included:<br><br>• Obtaining an understanding of the basis adopted in the valuation methodology prepared by management; and<br><br>• Assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amounts, including projections of future cash flows expected to arise from dividends to be received and discount rates applied. |

## KEY AUDIT MATTERS (continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Valuation of investment properties*** | |
| We identified the valuation of investment properties as a key audit matter due to the significant judgments involved in determining the fair value of the investment properties.<br><br>As disclosed in note 16 to the consolidated financial statements, the Group's investment properties are located in Canada and carried at approximately HK$71,997,000 as at 31st March, 2018. An increase in fair value of approximately HK$29,199,000 was recognised in profit or loss for the year ended 31st March, 2018.<br><br>The Group's investment properties are measured at fair value based on valuations performed by an independent firm of qualified professional valuer (the "Valuer"). The fair values were determined based on the direct comparison method.<br><br>Details of the valuation technique and key inputs used in the valuation are disclosed in note 16 to the consolidated financial statements. | Our procedures in relation to evaluating the appropriateness of valuation of investment properties included:<br><br>• Evaluating the competence, capabilities and objectivity of the Valuer as well as the appropriateness of the Valuer's scope of work;<br><br>• Reviewing the valuation report issued by the Valuer and holding discussion with management and the Valuer to understand the valuation basis, methodology used and underlying assumptions applied; and<br><br>• Evaluating the integrity of the underlying data including comparable market transactions used by the Valuer and the adjusting factors. |

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Chiu Mei Hing.

**Deloitte Touche Tohmatsu**
*Certified Public Accountants*

Hong Kong
26th June, 2018

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March, 2018

| | NOTES | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| Revenue | 5 | **1,984,368** | **15,404** |
| Cost of sales | | **(1,970,005)** | **–** |
| Other income, other gains and losses | | **4,910** | **6,289** |
| Net loss on financial instruments | 7 | **(1,207)** | **(8,393)** |
| Net increase in fair values of investment properties | 16 | **29,199** | **803** |
| Administrative expenses | | **(35,981)** | **(60,022)** |
| Finance costs | 8 | **(412)** | **(536)** |
| Loss on net decrease in interests in associates | 9 | **(146,443)** | **(5,001)** |
| Share of results of associates | | | |
| – share of results | | **102,865** | **114,692** |
| – gain on acquisitions of additional interest in an associate | 18 | **–** | **31,816** |
| Impairment loss on interest in an associate | 18 | **–** | **(385,000)** |
| Loss before taxation and loss on assets distributed to shareholders | | **(32,706)** | **(289,948)** |
| Loss on assets distributed to shareholders | 10 | **–** | **(1,003,612)** |
| Loss before taxation | 11 | **(32,706)** | **(1,293,560)** |
| Taxation | 12 | **(4,300)** | **(418)** |
| Loss for the year | | **(37,006)** | **(1,293,978)** |
| **Other comprehensive income (expenses):** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation of foreign operations | | **2,614** | **(953)** |
| Share of other comprehensive income (expenses) of associates | | **35,024** | **(68,521)** |
| Reclassification adjustments: | | | |
| – reserves released on net decrease in interests in associates | | **(5,666)** | **(40)** |
| – reserves released on assets distributed to shareholders | | **–** | **22,479** |
| *Items that will not be reclassified to profit or loss:* | | | |
| Gain on revaluation of land and buildings | | **3,910** | **554** |
| Share of other comprehensive expenses of associates | | **(14,664)** | **(425)** |
| Deferred tax arising on revaluation of land and buildings | | **(644)** | **(70)** |
| Other comprehensive income (expenses) for the year | | **20,574** | **(46,976)** |
| Total comprehensive expenses for the year | | **(16,432)** | **(1,340,954)** |

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March, 2018

| | NOTE | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| Loss for the year attributable to: | | | |
| Owners of the Company | | (36,828) | (1,293,978) |
| Non-controlling interests | | (178) | – |
| | | (37,006) | (1,293,978) |
| Total comprehensive expenses for the year attributable to: | | | |
| Owners of the Company | | (16,254) | (1,340,954) |
| Non-controlling interests | | (178) | – |
| | | (16,432) | (1,340,954) |
| | | HK cents | HK cents |
| Loss per share: | 14 | | |
| Basic | | (2.16) | (77.13) |
| Diluted | | (2.16) | (77.13) |

# Consolidated Statement of Financial Position

At 31st March, 2018

| | NOTES | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 15 | 10,101 | 6,842 |
| Investment properties | 16 | 71,997 | 40,907 |
| Intangible asset | 17 | – | 150 |
| Interests in associates | 18 | 709,232 | 730,712 |
| Convertible note | 19 | 13,596 | 12,555 |
| | | 804,926 | 791,166 |
| **Current assets** | | | |
| Inventories | 20 | 3,927 | – |
| Debtors, deposits and prepayments | 21 | 132,614 | 28,240 |
| Loans receivable | 22 | 200,000 | 60,000 |
| Debt instrument | 19 | – | 13,158 |
| Equity investments | 23 | 4,992 | 60,090 |
| Short-term bank deposits, bank balances and cash | 24 | 281,996 | 227,968 |
| | | 623,529 | 389,456 |
| **Current liabilities** | | | |
| Creditors and accrued expenses | 25 | 119,963 | 7,568 |
| Bank and other borrowings – due within one year | 26 | 7,157 | 198 |
| | | 127,120 | 7,766 |
| **Net current assets** | | 496,409 | 381,690 |
| **Total assets less current liabilities** | | 1,301,335 | 1,172,856 |
| **Non-current liabilities** | | | |
| Bank and other borrowings – due over one year | 26 | 7,120 | 6,958 |
| Deferred tax liabilities | 27 | 7,159 | 2,215 |
| | | 14,279 | 9,173 |
| **Net assets** | | 1,287,056 | 1,163,683 |

# Consolidated Statement of Financial Position

At 31st March, 2018

| | NOTE | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|---|
| **Capital and reserves** | | | |
| Share capital | *28* | **20,183** | **16,883** |
| Share premium and reserves | | **1,261,970** | **1,146,800** |
| Equity attributable to the owners of the Company | | **1,282,153** | **1,163,683** |
| Non-controlling interests | | **4,903** | **–** |
| **Total equity** | | **1,287,056** | **1,163,683** |

The consolidated financial statements on pages 56 to 137 were approved and authorised for issue by the Board of Directors on 26th June, 2018 and are signed on its behalf by:

**Ching Man Chun, Louis**
*Chairman and Managing Director*

**Xu Wei**
*Executive Director*

# Consolidated Statement of Changes in Equity

For the year ended 31st March, 2018

| | Attributable to the owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital HK$'000 | Share premium HK$'000 | Contributed surplus HK$'000 *(Note (a))* | Reserve on acquisition HK$'000 *(Note (b))* | Capital redemption reserve HK$'000 | Other reserve HK$'000 *(Note (c))* | Property revaluation reserve HK$'000 | Investment revaluation reserve HK$'000 | Translation reserve HK$'000 | Accumulated profits HK$'000 | Sub-total HK$'000 | Non-controlling interests HK$'000 | Total HK$'000 |
| At 1st April, 2016 | 16,677 | 828,765 | 196,676 | (24,992) | 908 | 22,750 | 3,242 | (127,238) | 78,501 | 2,538,574 | 3,533,863 | – | 3,533,863 |
| Loss for the year | – | – | – | – | – | – | – | – | – | (1,293,978) | (1,293,978) | – | (1,293,978) |
| Exchange differences arising on translation of foreign operations | – | – | – | – | – | – | – | – | (953) | – | (953) | – | (953) |
| Share of other comprehensive expenses of associates | – | – | – | – | – | – | – | (425) | (68,521) | – | (68,946) | – | (68,946) |
| Reserves released on net decrease in interests in associates | – | – | – | – | – | – | – | – | (40) | – | (40) | – | (40) |
| Reserves released on assets distributed to shareholders | – | – | – | – | – | – | – | – | 22,479 | – | 22,479 | – | 22,479 |
| Gain on revaluation of land and buildings | – | – | – | – | – | – | 554 | – | – | – | 554 | – | 554 |
| Deferred tax arising on revaluation of land and buildings | – | – | – | – | – | – | (70) | – | – | – | (70) | – | (70) |
| Total comprehensive income (expenses) for the year | – | – | – | – | – | – | 484 | (425) | (47,035) | (1,293,978) | (1,340,954) | – | (1,340,954) |
| Issue of shares | | | | | | | | | | | | | |
| – scrip dividend | 206 | 11,356 | – | – | – | – | – | – | – | – | 11,562 | – | 11,562 |
| Transaction costs on issue of shares | – | (51) | – | – | – | – | – | – | – | – | (51) | – | (51) |
| Distributions *(note 13)* | | | | | | | | | | | | | |
| – dividend paid | – | (11,562) | – | – | – | – | – | – | – | (38,468) | (50,030) | – | (50,030) |
| – assets distributed to shareholders | – | – | (196,676) | – | – | – | – | – | – | (794,006) | (990,682) | – | (990,682) |
| Reserves released on net decrease in interest in associates | – | – | – | 54 | – | (53) | – | 291 | – | (292) | – | – | – |
| Reserves released on assets distributed to shareholders | – | – | – | 257 | – | – | – | 69,874 | – | (70,131) | – | – | – |
| Decrease in associates' equity attributable to the Group's interests arising on equity transactions of the associates | – | – | – | – | – | 361 | – | – | – | (386) | (25) | – | (25) |
| At 31st March, 2017 | 16,883 | 828,508 | – | (24,681) | 908 | 23,058 | 3,726 | (57,498) | 31,466 | 341,313 | 1,163,683 | – | 1,163,683 |

# Consolidated Statement of Changes in Equity

For the year ended 31st March, 2018

| | Attributable to the owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital HK$'000 | Share premium HK$'000 | Contributed surplus HK$'000 *(Note (a))* | Reserve on acquisition HK$'000 *(Note (b))* | Capital redemption reserve HK$'000 | Other reserve HK$'000 *(Note (c))* | Property revaluation reserve HK$'000 | Investment revaluation reserve HK$'000 | Translation reserve HK$'000 | Accumulated profits HK$'000 | Sub-total HK$'000 | Non-controlling interests HK$'000 | Total HK$'000 |
| At 1st April, 2017 | 16,883 | 828,508 | – | (24,681) | 908 | 23,058 | 3,726 | (57,498) | 31,466 | 341,313 | 1,163,683 | – | 1,163,683 |
| Loss for the year | – | – | – | – | – | – | – | – | – | (36,828) | (36,828) | (178) | (37,006) |
| Exchange differences arising on translation of foreign operations | – | – | – | – | – | – | – | – | 2,614 | – | 2,614 | – | 2,614 |
| Share of other comprehensive (expenses) income of associates | – | – | – | – | – | – | – | (14,664) | 35,024 | – | 20,360 | – | 20,360 |
| Reserves released on net decrease in interest in an associate | – | – | – | – | – | – | – | – | (5,666) | – | (5,666) | – | (5,666) |
| Gain on revaluation of land and buildings | – | – | – | – | – | – | 3,910 | – | – | – | 3,910 | – | 3,910 |
| Deferred tax arising on revaluation of land and buildings | – | – | – | – | – | – | (644) | – | – | – | (644) | – | (644) |
| Total comprehensive income (expenses) for the year | – | – | – | – | – | – | 3,266 | (14,664) | 31,972 | (36,828) | (16,254) | (178) | (16,432) |
| Issue of shares – placing of shares | 3,300 | 135,300 | – | – | – | – | – | – | – | – | 138,600 | – | 138,600 |
| Transaction costs on issue of shares | – | (4,258) | – | – | – | – | – | – | – | – | (4,258) | – | (4,258) |
| Capital contribution from non-controlling shareholders of subsidiaries | – | – | – | – | – | – | – | – | – | – | – | 5,081 | 5,081 |
| Reserves released on net decrease in interest in an associate | – | – | – | 4,168 | – | (3,916) | – | 10,116 | – | (10,368) | – | – | – |
| Decrease in an associate's equity attributable to the Group's interest arising on equity transactions of the associate | – | – | – | – | – | (6,663) | – | 2,622 | – | 4,423 | 382 | – | 382 |
| At 31st March, 2018 | 20,183 | 959,550 | – | (20,513) | 908 | 12,479 | 6,992 | (59,424) | 63,438 | 298,540 | 1,282,153 | 4,903 | 1,287,056 |

*Notes:*

(a) The contributed surplus of the Group comprises the difference between the nominal amount of the ordinary share capital issued by the Company in exchange for the nominal amount of the share capital of a subsidiary acquired pursuant to a corporate reorganisation on 24th January, 1992 and the credits arising from the changes in the capital and reserves of the Company in capital reorganisation and the distribution of special dividend by way of distribution in specie during the year ended 31st March, 2017 as disclosed in note 10.

(b) The reserve on acquisition represents the Group's share of differences between the fair value and the attributable carrying amount of the attributable underlying assets and liabilities in relation to the acquisition of additional interests in subsidiaries by an associate.

(c) Other reserve represents the Group's share of the statutory reserve of subsidiaries incorporated in the People's Republic of China (the "PRC") of an associate.

The PRC statutory reserve is required by the relevant laws in the PRC applicable to the entities incorporated in the PRC, whereas the allocation to which is mandatory at certain rates of profit after taxation of the relevant entities prepared under the PRC Generally Accepted Accounting Principles until the balance of the reserve reaches certain levels of the contributed capital of the relevant entities.

# Consolidated Statement of Cash Flows

For the year ended 31st March, 2018

| | NOTE | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Loss before taxation | | (32,706) | (1,293,560) |
| Adjustments for: | | | |
| Amortisation of intangible asset | | – | 4 |
| Depreciation of property, plant and equipment | | 1,691 | 1,454 |
| Net increase in fair values of investment properties | | (29,199) | (803) |
| Gain on disposals of property, plant and equipment | | (526) | (10) |
| Interest income | | (5,441) | (5,040) |
| Interest expenses | | 412 | 536 |
| Dividend income | | – | (3,203) |
| Net loss on financial instruments | | 619 | 8,393 |
| Loss on net decrease in interests in associates | | 146,443 | 5,001 |
| Share of results of associates | | (102,865) | (146,508) |
| Unrealised exchange (gain) loss | | (529) | 500 |
| Allowance for doubtful debts | | – | 361 |
| Gain on disposal of subsidiaries | | (3,356) | (1,392) |
| Loss on assets distributed to shareholders | | – | 1,003,612 |
| Impairment loss on interest in an associate | | – | 385,000 |
| Operating cash flows before movements in working capital | | (25,457) | (45,655) |
| Increase in inventories | | (3,927) | – |
| Increase in debtors, deposits and prepayments | | (125,105) | (9,941) |
| Decrease in amounts due from associates | | – | 1,691 |
| (Increase) decrease in loans receivable | | (140,000) | 50,000 |
| Decrease (increase) in equity investments held for trading | | 55,093 | (2,999) |
| Increase (decrease) in creditors and accrued expenses | | 112,253 | (881) |
| Cash used in operations | | (127,143) | (7,785) |
| Dividends received from equity investments | | – | 3,203 |
| Dividends received from associates | | – | 43,655 |
| Interest received | | 5,093 | 4,563 |
| **NET CASH (USED IN) FROM OPERATING ACTIVITIES** | | (122,050) | 43,636 |
| **INVESTING ACTIVITIES** | | | |
| Proceeds from disposal of subsidiaries | 33 | 23,987 | 2,211 |
| Proceeds from disposal of debt instrument | | 13,118 | – |
| Proceeds from disposals of property, plant and equipment | | 1,115 | 10 |
| Acquisition of additional interests in associates | | (7,022) | (9,473) |
| Additions to property, plant and equipment | | (1,801) | (594) |
| Acquisition of investment properties | | (156) | (19,091) |
| Refund of earnest money | | – | 247,293 |
| Proceeds from disposal of equity investments | | – | 34,000 |
| Acquisition of debt instrument | | – | (13,806) |
| Acquisition of convertible note | | – | (12,127) |
| **NET CASH FROM INVESTING ACTIVITIES** | | 29,241 | 228,423 |

# Consolidated Statement of Cash Flows

For the year ended 31st March, 2018

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| **FINANCING ACTIVITIES** | | |
| Proceeds from placing of shares | **138,600** | **–** |
| New borrowings raised | **7,000** | **7,408** |
| Capital contribution from non-controlling shareholders of subsidiaries | **5,081** | **–** |
| Transaction costs on issue of shares | **(4,258)** | **(51)** |
| Interest paid | **(310)** | **(536)** |
| Repayment of bank borrowings | **(183)** | **(98)** |
| Dividends paid | **–** | **(38,468)** |
| Transaction cost on assets distributed to shareholders | **–** | **(2,276)** |
| **NET CASH FROM (USED IN) FINANCING ACTIVITIES** | **145,930** | **(34,021)** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **53,121** | **238,038** |
| **CASH AND CASH EQUIVALENTS BROUGHT FORWARD** | **227,968** | **(10,032)** |
| **EFFECT OF FOREIGN EXCHANGE RATE CHANGES** | **907** | **(38)** |
| **CASH AND CASH EQUIVALENTS CARRIED FORWARD**, represented by short-term bank deposits, bank balances and cash | **281,996** | **227,968** |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2018

## 1. GENERAL

PT International Development Corporation Limited (the "Company") is an exempted company incorporated in Bermuda with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section of this annual report.

The Company is an investment holding company. The principal activities of the Company's principal subsidiaries (together with the Company referred to as the "Group") and the Group's principal associates are set out in notes 39 and 18, respectively.

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for the first time, the following new amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective for the current year:

| | |
|---|---|
| Amendments to HKAS 7 | Disclosure Initiative |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses |
| Amendments to HKFRS 12 | As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle |

### Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (continued)

### Amendments to HKAS 7 "Disclosure Initiative" (continued)

A reconciliation between the opening and closing balances of these items is provided in note 36. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 36, the application of these amendments has had no impact on the Group's consolidated financial statements.

Except as described above, the application of the other new amendments to HKFRSs in the current year has had no material impact on the amounts reported and/or disclosures set out in the consolidated financial statements.

### New and amendments to HKFRSs and Interpretations in issue but not yet effective

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

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

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (continued)

### HKFRS 9 (2014) "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets. In particular, HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets and was early adopted by the Group with a date of initial application on 1st April, 2014.

Except for those relating to classification and measurement of financial assets covered in HKFRS 9 (2009) which has been early adopted by the Group, key requirement of HKFRS 9 (2014) that is relevant to the Group is described as follows:

In relation to the impairment of financial assets, HKFRS 9 (2014) requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31st March, 2018, the directors of the Company anticipate that the application of the expected credit loss model may result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost and other items subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1st April, 2018 would not be significantly different as compared to the accumulated amount recognised under HKAS 39.

### HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (continued)

### HKFRS 15 "Revenue from Contracts with Customers" (continued)

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

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

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

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

### HKFRS 16 "Leases"

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (continued)

### HKFRS 16 "Leases" (continued)

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31st March, 2018, the Group has non-cancellable operating lease commitments of approximately HK$12,777,000 as disclosed in note 34 of which HK$11,656,000 were with original lease terms over 1 year. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$2,323,000 and refundable rental deposits received of HK$7,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets. Accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use-assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may results in changes in measurement, presentation and disclosure as indicated above.

Other than the above, the directors of the Company anticipate that the application of these new and amendments to HKFRSs and interpretations will have no material impact on the Group's consolidated financial statements in the foreseeable future.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

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

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

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

The principal accounting policies are set out below.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of consolidation

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

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

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

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable 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.

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

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments in associates

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

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

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments in associates (continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9 (2009), the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

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

***Acquisition or deemed acquisition of additional interests in associates***

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

***Disposal or deemed disposal of partial interests in associates***

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Distribution of non-cash assets to shareholders

The Group recognises a liability to pay a dividend when the dividend is appropriately authorised and is no longer at the discretion of the Group. In respect of a dividend by way of distribution in specie of non-cash assets, the liability to distribute the non-cash assets as a dividend is measured at the fair value of the assets to be distributed. When the Group settles the dividend payable, it recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss and presents such difference as a separate line item under "loss on assets distributed to shareholders".

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Service income is recognised when services are rendered.

Dividend income from investments is recognised when the Group's rights to receive payment has been established.

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

The Group's policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

### Leasing

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

***The Group as lessor***

Rental income from operating leases is recognised in profit or loss on a straight line basis over the terms of the relevant lease.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leasing (continued)

***The Group as lessee***

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

***Leasehold land and building***

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted for as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

### Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Foreign currencies (continued)

On the disposal of a foreign operation (i.e. 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.

In addition, for 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.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

### Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

### Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

### Taxation

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Taxation (continued)

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

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties is measured in accordance with the above general principles set out in HKAS 12 “Income Taxes” (i.e. based on the expected manner as to how the properties will be recovered).

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, plant and equipment

Property, plant and equipment, other than land and buildings, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Land and buildings held for use in the supply of services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amount. Freehold land is stated at the fair value at the date of revaluation and is not depreciated. Buildings are stated at the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increases arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Depreciation is recognised so as to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives, using the straight line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment losses on assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating unit for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the specific identification method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments

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

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

***Financial assets***

On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value through profit or loss or fair value through other comprehensive income, depending on its business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

*Financial assets at amortised cost*

Debt instruments and hybrid contracts that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

*Effective interest method*

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

Interest income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

***Financial assets (continued)***

*Financial assets at FVTPL*

Investments in equity instruments are classified as at FVTPL, unless the Group designates such investment that is not held for trading as at fair value through other comprehensive income ("FVTOCI") on initial recognition.

A financial asset is held for trading if it has been acquired principally for the purpose of selling it in the near term or it is a derivative that is not designated and effective as a hedging instrument. Debt instruments that do not meet the amortised cost criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss, which excludes any interest earned on the financial assets at FVTPL. The net gain or loss recognised in profit or loss is included in net loss on financial instruments.

*Financial assets at FVTOCI*

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's rights to receive the dividends is established in accordance with HKAS 18, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in profit or loss.

*Impairment losses of financial assets*

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Financial instruments (continued)**

***Financial assets (continued)***

*Impairment losses of financial assets (continued)*

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

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

***Financial liabilities and equity instruments***

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

*Equity instruments*

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

***Financial liabilities and equity instruments (continued)***

*Effective interest method*

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

Interest expense is recognised on an effective interest basis.

*Financial liabilities at amortised cost*

The Group's financial liabilities (including trade and other creditors and bank and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

***Derecognition***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, except for a financial asset that is classified as at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of a financial asset that is classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

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

## 4. CRITICAL ACCOUNTING ESTIMATES

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, 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 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.

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

### Impairment assessment of interest in an associate

The Group's interests in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associates. As at 31st March, 2018, the carrying value of the Group's interest in a listed associate in Hong Kong exceeded the market value of the Group's holding therein. Management has assessed the recoverable amount of the Group's interest in the listed associate using value in use calculations based on the present value of the estimated future cash flows expected to arise from dividends to be received. According to the impairment assessment, impairment loss recognised in respect of the Group's interest in the listed associate amounted to HK$385 million as at 31st March, 2018 (2017: HK$385 million).

### Valuation of investment properties

Investment properties are carried in the consolidated statement of financial position as at 31st March, 2018 at their fair values of approximately HK$72 million (2017: HK$41 million). The fair values were determined based on valuations performed by an independent firm of professional valuer. The fair values were determined based on the direct comparison approach, which makes reference to the recent transactions for similar properties in the proximity and adjusted for a number of unobservable inputs. Changes to these unobservable inputs would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of net increase in fair values of investment properties reported in the profit or loss. Note 16 provides detailed information about the valuation technique and key inputs used in the determination of the fair values of the investment properties.

## 5. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from external customers and counterparties for the year. An analysis of the Group's revenue for the year is as follows:

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Trading income | **1,970,638** | **–** |
| Management and other related service income | **3,316** | **3,182** |
| Interest income from provision of finance | **4,104** | **3,842** |
| Interest income from investments | **1,337** | **1,198** |
| Property rental income | **4,800** | **3,625** |
| Dividend income from equity investments | **–** | **3,203** |
| Others | **173** | **354** |
| | **1,984,368** | **15,404** |

### Segment information

During the current year, due to the commencement of a new business, management has identified commodities trading as a new operating segment under HKFRS 8 "Operating Segments". Accordingly, the Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), being the Executive Directors of the Company, for the purposes of resources allocation and performance assessment become as follows:

| | | |
|---|---|---|
| Trading | – | trading of commodities |
| Finance | – | loan financing services |
| Long-term investment | – | investments including convertible notes and other long-term equity investments |
| Other investment | – | investment in other financial assets and trading of securities |
| Others | – | leasing of investment properties, leasing of motor vehicles and management services |

## 5. REVENUE AND SEGMENT INFORMATION (continued)

### Segment information (continued)

Information regarding the above operating segments, which are also reportable segments of the Group, is reported below.

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

**For the year ended 31st March, 2018**

| | Trading HK$'000 | Finance HK$'000 | Long-term investment HK$'000 | Other investment HK$'000 | Others HK$'000 | Segment total HK$'000 | Eliminations HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|---|
| **SEGMENT REVENUE** | | | | | | | | |
| External sales | 1,970,638 | 3,910 | 1,086 | 251 | 8,483 | 1,984,368 | – | 1,984,368 |
| Inter-segment sales | – | 177 | – | – | – | 177 | (177) | – |
| Total | 1,970,638 | 4,087 | 1,086 | 251 | 8,483 | 1,984,545 | (177) | 1,984,368 |
| **RESULTS** | | | | | | | | |
| Segment results | 633 | 3,180 | 1,022 | (380) | 30,969 | 35,424 | – | 35,424 |
| Central administration costs | | | | | | | | (24,140) |
| Finance costs | | | | | | | | (412) |
| Loss on net decrease in interest in an associate | | | | | | | | (146,443) |
| Share of results of associates – share of results | | | | | | | | 102,865 |
| Loss before taxation | | | | | | | | (32,706) |

## 5. REVENUE AND SEGMENT INFORMATION (continued)

### Segment information (continued)

**For the year ended 31st March, 2017**

| | Trading HK$'000 | Finance HK$'000 | Long-term investment HK$'000 | Other investment HK$'000 | Others HK$'000 | Segment total HK$'000 | Eliminations HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|---|
| **SEGMENT REVENUE** | | | | | | | | |
| External sales | – | 3,765 | 866 | 3,535 | 7,238 | 15,404 | – | 15,404 |
| Inter-segment sales | – | 4,173 | – | – | – | 4,173 | (4,173) | – |
| Total | – | 7,938 | 866 | 3,535 | 7,238 | 19,577 | (4,173) | 15,404 |
| **RESULTS** | | | | | | | | |
| Segment results | – | 6,901 | (6,355) | 1,881 | 2,043 | 4,470 | – | 4,470 |
| Central administration costs | | | | | | | | (50,389) |
| Finance costs | | | | | | | | (536) |
| Loss on net decrease in interests in associates | | | | | | | | (5,001) |
| Share of results of associates | | | | | | | | |
| – share of results | | | | | | | | 114,692 |
| – gain on acquisitions of additional interest in an associate | | | | | | | | 31,816 |
| Impairment loss on interest in an associate | | | | | | | | (385,000) |
| Loss before taxation and loss on assets distributed to shareholders | | | | | | | | (289,948) |
| Loss on assets distributed to shareholders | | | | | | | | (1,003,612) |
| Loss before taxation | | | | | | | | (1,293,560) |

Inter-segment sales are charged at prevailing market rates or at terms determined and agreed by both parties.

Segment result represents the result of each segment without allocation of central administration costs, including directors' salaries, finance costs, loss on assets distributed to shareholders and items related to interests in associates.

## 5. REVENUE AND SEGMENT INFORMATION (continued)

### Segment assets and liabilities

**As at 31st March, 2018**

| | Trading HK$'000 | Finance HK$'000 | Long-term investment HK$'000 | Other investment HK$'000 | Others HK$'000 | Segment total HK$'000 | Unallocated HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|
| **SEGMENT ASSETS** | | | | | | | | |
| Segment assets | 99,780 | 200,734 | 13,596 | 4,999 | 72,742 | 391,851 | – | 391,851 |
| Interests in associates | – | – | – | – | – | – | 709,232 | 709,232 |
| Unallocated corporate assets | – | – | – | – | – | – | 327,372 | 327,372 |
| Total assets | 99,780 | 200,734 | 13,596 | 4,999 | 72,742 | 391,851 | 1,036,604 | 1,428,455 |

**As at 31st March, 2017**

| | Trading HK$'000 | Finance HK$'000 | Long-term investment HK$'000 | Other investment HK$'000 | Others HK$'000 | Segment total HK$'000 | Unallocated HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|
| **SEGMENT ASSETS** | | | | | | | | |
| Segment assets | – | 61,140 | 12,555 | 73,258 | 41,817 | 188,770 | – | 188,770 |
| Interests in associates | – | – | – | – | – | – | 730,712 | 730,712 |
| Unallocated corporate assets | – | – | – | – | – | – | 261,140 | 261,140 |
| Total assets | – | 61,140 | 12,555 | 73,258 | 41,817 | 188,770 | 991,852 | 1,180,622 |

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating segment other than interests in associates, intangible asset, short-term bank deposits, bank balances and cash, certain property, plant and equipment and certain debtors, deposits and prepayments.
- no segment liabilities information is provided as no such information is regularly provided to the chief operating decision maker of the Group on making decision for resources allocation and performance assessment.

Interest income was allocated to segments. However, the related short-term bank deposits and bank balances are not reported to the Group's CODM as part of segment assets. This is the measure reported to the Group's CODM for the purposes of resource allocation and assessment of segment performance.

## 5. REVENUE AND SEGMENT INFORMATION (continued)

### Other information

**For the year ended 31st March, 2018**

| | Trading HK$'000 | Finance HK$'000 | Long-term investment HK$'000 | Other investment HK$'000 | Others HK$'000 | Segment total HK$'000 | Unallocated HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|
| Amounts included in the measurement of segment result or segment assets: | | | | | | | | |
| Additions to property, plant and equipment | – | – | – | – | 14 | 14 | 1,787 | 1,801 |
| Additions to investment properties | – | – | – | – | 156 | 156 | – | 156 |
| Depreciation | – | – | – | – | 275 | 275 | 1,416 | 1,691 |
| Interest income | – | 3,910 | 1,086 | 251 | 194 | 5,441 | – | 5,441 |
| Increase in fair values of investment properties | – | – | – | – | 29,199 | 29,199 | – | 29,199 |
| Gain on disposal of subsidiaries | – | – | – | – | – | – | 3,356 | 3,356 |
| Gain on disposals of property, plant and equipment | – | – | – | – | – | – | 526 | 526 |
| Net loss on financial instruments | – | – | 574 | 633 | – | 1,207 | – | 1,207 |

**For the year ended 31st March, 2017**

| | Trading HK$'000 | Finance HK$'000 | Long-term investment HK$'000 | Other investment HK$'000 | Others HK$'000 | Segment total HK$'000 | Unallocated HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|
| Amounts included in the measurement of segment result or segment assets: | | | | | | | | |
| Additions to property, plant and equipment | – | – | – | – | 6 | 6 | 588 | 594 |
| Additions to investment properties | – | – | – | – | 19,091 | 19,091 | – | 19,091 |
| Depreciation and amortisation | – | – | – | – | 235 | 235 | 1,223 | 1,458 |
| Interest income | – | 3,765 | 866 | 332 | 77 | 5,040 | – | 5,040 |
| Net increase in fair values of investment properties | – | – | – | – | 803 | 803 | – | 803 |
| Gain on disposal of subsidiaries | – | – | – | – | – | – | 1,392 | 1,392 |
| Gain on disposals of property, plant and equipment | – | – | – | – | – | – | 10 | 10 |
| Net loss on financial instruments | – | – | 6,524 | 1,869 | – | 8,393 | – | 8,393 |

## 5. REVENUE AND SEGMENT INFORMATION (continued)

### Geographical information

The Group's operations are located in Hong Kong, the Peoples' Republic of China (the "PRC"), Canada and others.

Information about the Group's revenue from external customers or counterparties is presented based on the locations of transactions conducted. Information about the Group's non-current assets is presented based on the physical locations of the assets. Information about the Group's interests in associates is presented based on the places of listing of the associates.

| | Revenue | | Carrying amount of non-current assets *(Note)* | |
|---|---|---|---|---|
| | **2018 HK$'000** | **2017 HK$'000** | **2018 HK$'000** | **2017 HK$'000** |
| Hong Kong | **1,963,966** | **7,717** | **711,524** | **734,436** |
| The PRC, excluding Hong Kong | **10,982** | **–** | **203** | **–** |
| Canada | **9,219** | **7,687** | **79,397** | **44,175** |
| Others | **201** | **–** | **206** | **–** |
| | **1,984,368** | **15,404** | **791,330** | **778,611** |

*Note:* Non-current assets exclude financial assets.

### Information about major customers

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

| **Customer** | **Segment** | **2018 HK$'000** | **2017 HK$'000** |
|---|---|---|---|
| Customer A | Trading | **1,406,578** | **–** |
| Customer B | Trading | **420,696** | **–** |

For the year ended 31st March, 2017, no individual customer accounted for over 10% of the Group's total revenue.

### Revenue by services and investments

The Group's major revenue by services and investments was disclosed in the segment revenue above.

## 6. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

The emoluments paid or payable to each of the directors and the chief executive were as follows:

### (a) Directors' emoluments

| | Fees HK$'000 | Salaries and other benefits HK$'000 | Retirement benefit scheme contributions HK$'000 | Discretionary bonus HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| **2018** | | | | | |
| *Executive directors:* | | | | | |
| Ching Man Chun, Louis (appointed on 1st June, 2017) | 8 | 842 | 15 | – | 865 |
| Xu Wei (appointed on 17th August, 2017) | 6 | 572 | 11 | – | 589 |
| Gary Alexander Crestejo (appointed on 17th August, 2017) | 6 | 315 | 12 | – | 333 |
| Sue Ka Lok | 10 | 383 | 19 | – | 412 |
| Suen Cho Hung, Paul (resigned on 30th September, 2017) | 5 | 600 | 30 | – | 635 |
| Chau Mei Wah, Rosanna (resigned on 29th December, 2017) | 8 | 334 | 33 | – | 375 |
| *Independent non-executive directors:* | | | | | |
| Lau Yuen Sun, Adrian (resigned on 30th April, 2018) | 150 | – | – | – | 150 |
| Wong Yee Shuen, Wilson (appointed on 6th November, 2017) | 60 | – | – | – | 60 |
| Yam Kwong Chun | 150 | – | – | – | 150 |
| Chu Kin Wang, Peleus (retired on 27th September, 2017) | 74 | – | – | – | 74 |
| Yeung Kim Ting (appointed on 17th August, 2017) | 94 | – | – | – | 94 |
| Total | 571 | 3,046 | 120 | – | 3,737 |

## 6. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

### (a) Directors' emoluments (continued)

| | Fees HK$'000 | Salaries and other benefits HK$'000 | Retirement benefit scheme contributions HK$'000 | Discretionary bonus HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| **2017** | | | | | |
| *Executive directors:* | | | | | |
| Suen Cho Hung, Paul (appointed on 8th March, 2017) | – | – | – | – | – |
| Chau Mei Wah, Rosanna | 10 | 3,840 | 384 | 4,500 | 8,734 |
| Sue Ka Lok (appointed on 8th March, 2017) | – | – | – | – | – |
| Chan Kwok Keung, Charles (resigned on 28th March, 2017) | 10 | 3,809 | 352 | 15,000 | 19,171 |
| Chan Kwok Chuen, Augustine (resigned on 28th March, 2017) | 10 | 2,262 | 113 | 1,500 | 3,885 |
| Chan Fut Yan (resigned on 28th March, 2017) | 10 | 595 | 55 | – | 660 |
| Chan Yiu Lun, Alan (resigned on 28th March, 2017) | 10 | 2,619 | 18 | 3,500 | 6,147 |
| *Independent non-executive directors:* | | | | | |
| Chu Kin Wang, Peleus (appointed on 8th March, 2017) | – | – | – | – | – |
| Lau Yuen Sun, Adrian (appointed on 8th March, 2017) | – | – | – | – | – |
| Yam Kwong Chun (appointed on 8th March, 2017) | – | – | – | – | – |
| Chuck, Winston Calptor (resigned on 28th March, 2017) | 198 | – | – | – | 198 |
| Lee Kit Wah (resigned on 28th March, 2017) | 198 | – | – | – | 198 |
| Shek Lai Him, Abraham (resigned on 28th March, 2017) | 198 | – | – | – | 198 |
| Total | 644 | 13,125 | 922 | 24,500 | 39,191 |

## 6. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

### (a) Directors' emoluments (continued)

Chan Mei Wah, Rosanna had been the chief executive of the Company until 28th March, 2017. On 28th March, 2017, Chan Mei Wah, Rosanna resigned as the chief executive of the Company and Suen Cho Hung, Paul was appointed as the chief executive of the Company. On 30th September, 2017, Shen Cho Hung, Paul resigned as the chief executive of the Company and Ching Man Chun, Louis was appointed as the chief executive of the Company.

The emoluments disclosed above include those for services rendered by them as the chief executive of the Company.

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

### (b) Five highest paid employees

The five highest paid employees of the Group during the year included three (2017: four) directors of the Company during the year, details of whose emoluments are set out in note (a) above. Amounts disclosed as follows represent the remuneration for the year of the remaining two (2017: one) highest paid employees who are/is neither a director nor chief executive of the Company during the year, and the remuneration of another individual who resigned as a director of the Company during the year and became an employee of the Group after the resignation (2017: nil).

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Salaries and other benefits | 2,998 | 2,280 |
| Discretionary bonus | 1,825 | 1,200 |
| Retirement benefit scheme contributions | 128 | 18 |
| | 4,951 | 3,498 |

## 6. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

### (b) Five highest paid employees (continued)

Their emoluments were within the following bands:

| | Number of individuals | |
|---|---|---|
| | **2018** | **2017** |
| Nil to HK$1,000,000 | **1** | **–** |
| HK$1,000,001 to HK$1,500,000 | **1** | **–** |
| HK$3,000,001 to HK$3,500,000 | **1** | **1** |

During the year, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, neither the chief executive nor any of the directors has waived any emoluments during the year.

The discretionary bonus is based on the directors' and employees' skills, knowledge and involvement in the Group's affairs and determined by reference to the Group's performance, as well as remuneration benchmark in the industry and the prevailing market conditions.

## 7. NET LOSS ON FINANCIAL INSTRUMENTS

| | **2018** HK$'000 | **2017** HK$'000 |
|---|---|---|
| Decrease in fair value of equity investments: | | |
| – held at the end of the reporting period | **(5)** | **(2,529)** |
| – disposed of during the year | **(588)** | **(5,278)** |
| | **(593)** | **(7,807)** |
| Decrease in fair value of debt instrument: | | |
| – held at the end of the reporting period | **–** | **(662)** |
| – disposed of during the year | **(40)** | **–** |
| | **(40)** | **(662)** |
| (Decrease) increase in fair value of convertible note | **(574)** | **76** |
| | **(1,207)** | **(8,393)** |

## 8. FINANCE COSTS

The amount represented interests on the Group's bank and other borrowings during the year.

## 9. LOSS ON NET DECREASE IN INTERESTS IN ASSOCIATES

The loss for the years ended 31st March, 2018 and 2017 was mainly resulted from the deemed disposal of partial interests in associates which was resulted from the dilution effect of exercise of share options and share placements by the associates.

In May 2017, PYI Corporation Limited ("PYI"), the Group's associate, placed 915,470,000 new shares at a price of HK$0.156 per share to not less than six independent third parties (the "PYI Placing"). The PYI Placing and exercise of PYI share options resulted in loss on decrease in interest in PYI of HK$144,217,000 and HK$2,226,000 respectively during the year ended 31st March, 2018. The Group's interest in PYI decreased from approximately 28.45% at 31st March, 2017 to approximately 23.65% at 31st March, 2018.

## 10. LOSS ON ASSETS DISTRIBUTED TO SHAREHOLDERS

On 16th January, 2017, the shareholders of the Company approved a special dividend by way of distribution in specie of all shares of ITC Properties Group Limited ("ITC Properties") held by the Group on the basis of 9 shares of ITC Properties for every 50 shares of the Company held (the "Distribution in Specie"). Out of the total of 306,180,916 shares of ITC Properties held by the Group, a total of 303,890,057 shares of ITC Properties had been distributed, and the remaining 2,290,859 undistributed shares of ITC Properties had been sold in the market and net proceeds of such sale had been retained by the Group. The loss amounting to approximately HK$1,003,612,000 was determined with reference, amongst others, to the market price per share of ITC Properties on 25th January, 2017, being the date of the distribution, and the carrying value of the Group's interest in ITC Properties as an associate.

## 11. LOSS BEFORE TAXATION

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Loss before taxation has been arrived at after charging: | | |
| Staff costs, including directors' emoluments: | | |
| Salaries and other benefits | 15,289 | 34,250 |
| Retirement benefit scheme contributions | 427 | 1,688 |
| | 15,716 | 35,938 |
| Auditor's remuneration – audit services | 1,503 | 1,251 |
| Depreciation of property, plant and equipment | 1,691 | 1,454 |
| Amortisation of intangible assets | – | 4 |
| Minimum lease payments under operating leases in respect of rented premises | 5,889 | 3,164 |
| Allowance for doubtful debts | – | 361 |
| Cost of inventories recognised as an expense | 1,970,005 | – |
| and after crediting: | | |
| Gain on disposal of subsidiaries | 3,356 | 1,392 |
| Gain on disposals of property, plant and equipment | 526 | 10 |
| Net foreign exchange gain | 484 | 4,686 |
| Rental income under operating leases, net of negligible outgoings, in respect of: | | |
| – investment properties | 4,800 | 3,625 |
| – motor vehicles | 173 | 328 |

## 12. TAXATION

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Deferred tax *(note 27)*: | | |
| Charge for the year | 3,386 | 418 |
| Attributable to a change in tax rate | 914 | – |
| | 4,300 | 418 |

## 12. TAXATION (continued)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made as the relevant subsidiaries had no assessable profits arising in Hong Kong for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, PRC Enterprise Income Tax ("EIT") is calculated at 25% of the assessable profits for the subsidiaries in the PRC. No provision for EIT has been made as the relevant subsidiary had no assessable profits under PRC EIT.

The Group's operations in Canada are subject to corporation income tax rate at 27% (2017: 26%). Deferred tax has been recognised on the revaluation of properties located in Canada. As a result of the increase in the applicable corporation income tax rate from 26% to 27% with effect from 1st January, 2018, deferred tax liabilities recognised in relation to the Group's revaluation of properties in Canada have been adjusted. Details are set out in note 27.

Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. No provision for income tax has been made as the relevant subsidiaries had no relevant assessable profits.

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

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Loss before taxation | (32,706) | (1,293,560) |
| Tax credit at the Hong Kong Profits Tax rate of 16.5% | (5,396) | (213,437) |
| Tax effect of expenses not deductible for tax purposes | 24,966 | 232,622 |
| Tax effect of income not taxable for tax purposes | (5,313) | (1,934) |
| Tax effect of tax losses not recognised | 3,167 | 7,341 |
| Tax effect of share of results of associates | (16,973) | (24,174) |
| Increase in opening deferred tax liabilities resulting from an increase in applicable tax rate | 914 | – |
| Effect of different tax rates applicable to subsidiaries operating in other jurisdictions | 2,935 | – |
| Taxation for the year | 4,300 | 418 |

## 13. DISTRIBUTIONS

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Dividends recognised as distributions to owners of the Company during the year: | | |
| Final dividend for 2016 – HK3.0 cents per share | – | 50,030 |
| Dividends in form of: | | |
| Cash | – | 38,468 |
| Scrip dividend | – | 11,562 |
| | – | 50,030 |

In addition, as detailed in note 10, the Company distributed 303,890,057 shares in ITC Properties with a carrying amount of HK$990,682,000 to its shareholders on 25th January, 2017.

The directors of the Company have resolved not to recommend the payment of a final dividend for the year ended 31st March, 2018 (2017: nil).

## 14. LOSS PER SHARE

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

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Loss for the year attributable to the owners of the Company for the purpose of basic loss per share | **(36,828)** | **(1,293,978)** |
| Effect of dilutive potential ordinary shares: | | |
| Adjustment to the share of results of an associate based on dilution of its earnings per share | **(3)** | **–** |
| Loss for the year attributable to the owners of the Company for the purpose of diluted loss per share | **(36,831)** | **(1,293,978)** |

| | Number of shares | |
|---|---|---|
| | 2018 | 2017 |
| Weighted average number of shares for the purposes of basic and diluted loss per share | **1,702,748,580** | **1,677,657,976** |

For the years ended 31st March, 2018 and 2017, the computation of diluted loss per share did not assume the exercise of the share options and warrants of the Group's associates, as appropriate, since their assumed exercise would result in a decrease in loss per share.

## 15. PROPERTY, PLANT AND EQUIPMENT

| | Land and buildings HK$'000 | Plant, machinery and office equipment HK$'000 | Yacht and motor vehicles HK$'000 | Furniture and fixtures HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| **COST OR VALUATION** | | | | | |
| At 1st April, 2016 | 2,899 | 4,280 | 29,117 | 3,134 | 39,430 |
| Translation adjustments | (73) | (7) | (17) | (41) | (138) |
| Additions | – | 20 | 570 | 4 | 594 |
| Disposal of a subsidiary *(note 33)* | – | – | (550) | – | (550) |
| Disposals | – | (190) | (1,283) | (100) | (1,573) |
| Revaluation increase | 442 | – | – | – | 442 |
| At 31st March, 2017 | 3,268 | 4,103 | 27,837 | 2,997 | 38,205 |
| Translation adjustments | 138 | 11 | – | 67 | 216 |
| Additions | – | 845 | – | 956 | 1,801 |
| Disposal of subsidiaries *(note 33)* | – | – | (2,227) | – | (2,227) |
| Disposals | – | (552) | (5,542) | (770) | (6,864) |
| Revaluation increase | 3,760 | – | – | – | 3,760 |
| At 31st March, 2018 | 7,166 | 4,407 | 20,068 | 3,250 | 34,891 |
| Comprising: | | | | | |
| At cost | – | 4,407 | 20,068 | 3,250 | 27,725 |
| At valuation – 2018 | 7,166 | – | – | – | 7,166 |
| | 7,166 | 4,407 | 20,068 | 3,250 | 34,891 |

## 15. PROPERTY, PLANT AND EQUIPMENT) (continued)

| | Land and buildings HK$'000 | Plant, machinery and office equipment HK$'000 | Yacht and motor vehicles HK$'000 | Furniture and fixtures HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| **DEPRECIATION** | | | | | |
| At 1st April, 2016 | – | 3,770 | 25,739 | 2,692 | 32,201 |
| Translation adjustments | (2) | (6) | (17) | (32) | (57) |
| Provided for the year | 114 | 278 | 948 | 114 | 1,454 |
| Disposal of a subsidiary *(note 33)* | – | – | (550) | – | (550) |
| Eliminated on disposals | – | (190) | (1,283) | (100) | (1,573) |
| Reversal on revaluation | (112) | – | – | – | (112) |
| At 31st March, 2017 | – | 3,852 | 24,837 | 2,674 | 31,363 |
| Translation adjustments | (1) | 10 | – | 54 | 63 |
| Provided for the year | 151 | 250 | 734 | 556 | 1,691 |
| Disposal of subsidiaries *(note 33)* | – | – | (1,902) | – | (1,902) |
| Eliminated on disposals | – | (436) | (5,069) | (770) | (6,275) |
| Reversal on revaluation | (150) | – | – | – | (150) |
| At 31st March, 2018 | – | 3,676 | 18,600 | 2,514 | 24,790 |
| **CARRYING VALUES** | | | | | |
| At 31st March, 2018 | 7,166 | 731 | 1,468 | 736 | 10,101 |
| At 31st March, 2017 | 3,268 | 251 | 3,000 | 323 | 6,842 |

## 15. PROPERTY, PLANT AND EQUIPMENT) (continued)

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

| | |
|---|---|
| Freehold land | Nil |
| Buildings | 4% |
| Plant, machinery and office equipment | 20% – $33^1/_3$% |
| Yacht and motor vehicles | 20% |
| Furniture and fixtures | 20% |

The carrying value of land and buildings held by the Group as at the end of the reporting period represented freehold land and property in Canada.

If the land and building had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation of HK$715,000 (2017: HK$700,000). Details of the fair value measurements of the Group's land and buildings are set out in note 16.

## 16. INVESTMENT PROPERTIES

| | *HK$'000* |
|---|---|
| **FAIR VALUE** | |
| At 1st April, 2016 | 21,966 |
| Translation adjustments | (953) |
| Additions | 19,091 |
| Net increase in fair values recognised in profit or loss, unrealised | 803 |
| At 31st March, 2017 | 40,907 |
| Translation adjustments | 1,735 |
| Additions | 156 |
| Increase in fair values recognised in profit or loss, unrealised | 29,199 |
| At 31st March, 2018 | 71,997 |

The fair values of the Group's land and buildings (included in property, plant and equipment) and investment properties at the end of the reporting period have been arrived on the basis of valuations carried out on that date by RHL Appraisal Limited, an independent qualified professional valuer not connected with the Group, who has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group examined the appropriateness for valuation techniques and inputs for fair value measurements.

## 16. INVESTMENT PROPERTIES (continued)

The fair value measurements for the Group's land and buildings and investment properties are categorised as Level 3. The fair values were determined based on the direct comparison method, which makes references to the recent transactions for similar properties in the proximity and adjusted for a number of unobservable inputs, between the comparable properties and the subject matters. A slight change in any of the unobservable inputs above holding all other factors constant would have no significant effect to the fair values of the land and buildings and the investment properties. In estimating the fair values of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique or level of fair value hierarchy during the year.

The Group's investment properties represented properties in Canada held to earn rentals and for capital appreciation purposes, which are measured using the fair value model and are classified and accounted for as investment properties. Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

| | Level 3 and fair value at 31st March, | |
|---|---|---|
| | **2018** | **2017** |
| | **HK$'000** | **HK$'000** |
| Office premises located in Canada | **54,303** | **24,760** |
| Hotel strata lots located in Canada | **17,694** | **16,147** |
| | **71,997** | **40,907** |

There were no transfers into or out of Level 3 during the year.

Investment properties of HK$17,694,000 (2017: HK$16,147,000) were pledged by the Group to secure a bank loan of the Group.

## 17. INTANGIBLE ASSET

| | HK$'000 |
|---|---|
| **COST** | |
| At 1st April, 2016 | 2,736 |
| Disposals of subsidiaries *(note 33)* | (2,050) |
| At 31st March, 2017 | 686 |
| Disposal | (199) |
| Disposals of subsidiaries *(note 33)* | (487) |
| At 31st March, 2018 | – |
| **AMORTISATION AND IMPAIRMENT** | |
| At 1st April, 2016 | 1,616 |
| Provided for the year | 4 |
| Disposal of subsidiaries *(note 33)* | (1,084) |
| At 31st March, 2017 | 536 |
| Eliminated on disposal | (199) |
| Disposal of subsidiaries *(note 33)* | (337) |
| At 31st March, 2018 | – |
| **CARRYING VALUES** | |
| At 31st March, 2018 | – |
| At 31st March, 2017 | 150 |

As at 31st March, 2017, intangible asset represented one club membership in Hong Kong and was with indefinite useful life. As at 31st March, 2017, the directors of the Company had reviewed the carrying amount of the intangible asset and considered that, under the market conditions, no impairment loss would be recognised in profit or loss for the year ended 31st March, 2017.

## 18. INTERESTS IN ASSOCIATES

### (a) Investments in associates

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Share of consolidated net assets of associates: | | |
| — listed in Hong Kong | 1,093,055 | 1,114,535 |
| — listed overseas | – | – |
| Goodwill | 1,177 | 1,177 |
| | 1,094,232 | 1,115,712 |
| Accumulated impairment losses recognised | (385,000) | (385,000) |
| | 709,232 | 730,712 |
| Market value of listed securities: | | |
| Hong Kong | 189,270 | 215,376 |
| Overseas | 31,163 | 96,587 |
| | 220,433 | 311,963 |

## 18. INTERESTS IN ASSOCIATES (continued)

### (b) Particulars of the Group's associates at 31st March, 2018 and 2017

| Name of associate | Place of listing | Place of incorporation/ registration | Principal place of operations | Percentage of issued share capital and voting rights held indirectly by the Company 2018 % | 2017 % | Principal activities |
|---|---|---|---|---|---|---|
| PYI | Hong Kong | Bermuda | Hong Kong | **23.65** | **28.45** | Investment holding in companies engaged in ports and infrastructure development and investment, the operation of ports and logistics facilities, land and property development and investment in association with ports and infrastructure development, securities trading and investment as well as provision of loan financing services, comprehensive engineering and property-related services |
| Burcon NutraScience Corporation ("Burcon") | Canada, United States and Germany* | Canada | Canada | **22.45** | **20.87** | Investment holding in company engaged in the development of commercial plant protein |

* Burcon was delisted from Nasdaq Stock Market of the United States on 14th June, 2018.

## 18. INTERESTS IN ASSOCIATES (continued)

### (c) Summarised consolidated financial information of associates

Summarised consolidated financial information in respect of Group's material associate (i.e. PYI) is set out below. The other associate (i.e. Burcon) invested by the Group is not individually material. The summarised consolidated financial information below represents amounts shown in the associates' consolidated financial statements prepared in accordance with HKFRSs.

The Group's associates are accounted for using the equity method in these consolidated financial statements.

***Material associate — PYI***

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| *Financial information of financial performance* | | |
| Revenue | 624,400 | 553,977 |
| Profit (loss) for the year | 501,759 | (24,019) |
| Other comprehensive income (expenses) for the year | 163,235 | (305,617) |
| Total comprehensive income (expenses) for the year | 664,994 | (329,636) |
| Dividend declared by the associate during the year, attributable to the Group | – | – |
| *Financial information of financial position* | | |
| Property, plant and equipment | 1,358,358 | 1,414,065 |
| Investment properties | 1,350,540 | 1,089,605 |
| Project under development | 186,297 | 171,200 |
| Interests in associates and joint ventures | 830,529 | 1,832,939 |
| Other non-current assets | 878,710 | 859,169 |
| Stock of properties | 1,627,256 | 1,464,070 |
| Other current assets | 1,887,644 | 950,508 |
| Other current liabilities | (854,442) | (1,622,909) |
| Other non-current liabilities | (1,652,100) | (1,350,041) |
| Net assets of the associate | 5,612,792 | 4,808,606 |

## 18. INTERESTS IN ASSOCIATES (continued)

### (c) Summarised consolidated financial information of associates (continued)

***Material associate — PYI (continued)***

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| *Reconciliation to the carrying amount of interests in the associate:* | | |
| Net assets of the associate | 5,612,792 | 4,808,606 |
| Less: | | |
| Attributable to: | | |
| — holders of share options granted by the associate | (3,182) | (5,639) |
| — non-controlling interests | (900,978) | (799,432) |
| Net assets attributable to the owners of the associate | 4,708,632 | 4,003,535 |
| Net assets attributable to the Group's interest in the associate | 1,093,055 | 1,114,535 |
| Goodwill | 1,177 | 1,177 |
| Accumulated impairment loss recognised | (385,000) | (385,000) |
| Carrying amount of the Group's interest in the associate | 709,232 | 730,712 |
| Fair value of the listed associate, valued based on the quoted prices in active markets for the identical asset directly, and categorised as Level 1 of the fair value hierarchy | 189,270 | 215,376 |

***Other associate***

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| The Group's share of: | | |
| Loss and total comprehensive expenses for the year | (7,022) | (6,177) |
| Carrying amount of the Group's interest in the associate | – | – |

## 18. INTERESTS IN ASSOCIATES (continued)

### (c) Summarised consolidated financial information of associates (continued)

***Other associate (continued)***

*Notes:*

(i) Assessment for impairment of an associate

As at 31st March, 2018 and 2017, as the carrying value of the interest in an associate listed in Hong Kong is higher than the market value of its listed securities, the directors of the Company have assessed the recoverable amount of the interest in an associate using value in use calculations for the assessment of impairment on the interest in associate.

In determining the estimated value in use of the interest in associate, the directors of the Company estimated the present value of the estimated future cash flows expected to arise from dividends to be received using a discount rate of 8% per annum (2017: 8%). Cash flows beyond the five-year period are extrapolated with zero (2017: zero) growth rate. According to the impairment assessment, no impairment loss in respect of the Group's interest in the associate is considered necessary for the year ended 31st March, 2018. During the year ended 31st March, 2017, an impairment loss of HK$385 million was recognised in profit or loss.

(ii) Unrecognised share of losses of an associate

The Group has discontinued recognition of its share of losses of an associate. The amount of the cumulative unrecognised share of the associate, extracted from the relevant audited consolidated financial statements of the associate is as follows:

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| The unrecognised share of losses of the associate for the year | – | 425 |
| Accumulated unrecognised share of losses of the associate | 6,917 | 7,080 |

### (d) Decrease in interest in PYI during the year ended 31st March, 2018

As disclosed in note 9, the PYI Placing and exercise of PYI share options resulted in loss on decrease in interest in PYI of HK$144,217,000 and HK$2,226,000 respectively during the year ended 31st March, 2018. The Group's interest in PYI decreased from approximately 28.45% at 31st March, 2017 to approximately 23.65% at 31st March, 2018.

## 18. INTERESTS IN ASSOCIATES (continued)

### (e) Gain on acquisitions of additional interest in an associate for the year ended 31st March, 2017

ITC Properties was the Group's associate up to 16th January, 2017. On 16th January, 2017, the shareholders of the Company approved a special dividend by way of distribution in specie of all shares of ITC Properties held by the Group as disclosed in note 10. Following the completion of the Distribution in Specie as set out in note 10, the Group held no shares in ITC Properties and ITC Properties ceased to be the Group's associate. Accordingly, the relevant interest in associate had been derecognised as at 31st March, 2017.

During the year ended 31st March, 2017, the Group acquired shares of ITC Properties in the open market for an aggregate consideration of approximately HK$3.3 million. A gain on acquisition of the additional interests in ITC Properties of approximately HK$31.8 million was recognised in the profit or loss.

## 19. CONVERTIBLE NOTE AND DEBT INSTRUMENT

| | **2018**<br>**HK$'000** | **2017**<br>**HK$'000** |
|---|---|---|
| Financial assets carried at FVTPL: | | |
| Non-current: | | |
| Convertible note *(Note (a))* | **13,596** | **12,555** |
| Current: | | |
| Debt instrument *(Note (b))* | **–** | **13,158** |

## 19. CONVERTIBLE NOTE AND DEBT INSTRUMENT (continued)

*Notes:*

(a) Convertible note

In April 2016, the Group entered into a convertible note agreement with its associate, Burcon, to subscribe for a 3-year unlisted convertible note issued by Burcon. The convertible note was issued on 12th May, 2016 with a principal amount of Canadian Dollars ("C$") 2,000,000 (equivalent to approximately HK$12,127,000) and a maturity date on 12th May, 2019, entitling the Group to convert the convertible note into shares of Burcon at an initial conversion price of C$4.01 per share (subject to adjustments) from 1st July, 2016 until 12th May, 2019. The coupon rate of the convertible note is 8% per annum. As at 31st March, 2018, the carrying value of the convertible note is C$2,238,000 (2017: C$2,155,000) (equivalent to HK$13,596,000 (2017: HK$12,555,000)). The loss on change in fair value of convertible note of HK$574,000 (2017: gain of HK$76,000) is recognised to profit or loss during the year ended 31st March, 2018.

The convertible note is accounted for as a financial asset at fair value through profit or loss in accordance with HKFRS 9 (2009). The Group determined the appropriate valuation technique and inputs for Level 3 fair value measurements. In estimating the fair value of the convertible note, the Group uses market-observable data to the extent it is available. The fair value of the convertible note as at 31st March, 2018 was determined by the directors of the Company with reference to the valuation performed by RHL Appraisal Limited, an independent qualified valuer, using discounted cash flow method for the liability component and the Binomial Option Pricing Model for the conversion and call feature of the convertible note. The valuation is performed at the end of each reporting period. Details of the method and assumptions used in the valuation of the convertible note are as follows:

| | 2018 | 2017 |
|---|---|---|
| Stock price | **C$0.52** | **C$2.10** |
| Conversion price (as adjusted) | **C$3.94** | **C$3.99** |
| Expected volatility | **99.37%** | **58.15%** |
| Expected dividend yield | **–** | **–** |
| Discount rate | **12.13%** | **12.62%** |
| Option life | **1.12 years** | **2.12 years** |
| Risk-free rate | **1.62%** | **0.76%** |

There was no transfer among different levels of the fair value hierarchy in the current year.

(b) Debt instrument

In October 2016, the Group acquired a debt instrument in the secondary market at a consideration of United States Dollars ("US$") 1,778,000 (equivalent to approximately HK$13,806,000). The debt instrument represented a 5-year senior guaranteed note with a principal amount of US$1,800,000 (equivalent to approximately HK$13,973,000) and a maturity date on 14th October, 2021, which is issued by Treasure Generator Limited, a directly wholly-owned subsidiary of ITC Properties, and is guaranteed by ITC Properties. The coupon rate of the senior guaranteed note was 4.75% per annum. The investment was accounted for as a financial asset at fair value through profit or loss in accordance with HKFRS 9 (2009). The fair value measurement of the debt instrument was categorised as Level 2. The fair value was determined and adjusted with reference to the quoted bid price of the debt instrument. As at 31st March, 2017, the carrying value of the debt instrument was US$1,693,000 (equivalent to HK$13,158,000). The decrease in fair value of debt instrument of HK$662,000 was recognised to profit or loss during the year ended 31st March, 2017.

During the year ended 31st March, 2018, the debt instrument was sold at US$1,679,000 (equivalent to HK$13,118,000), resulting in a loss on disposal of HK$40,000 recognised in profit or loss.

## 20. INVENTORIES

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Goods held for sale | **3,927** | – |

## 21. DEBTORS, DEPOSITS AND PREPAYMENTS

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Trade debtors | **1,357** | **1,552** |
| Prepayments to suppliers | **95,543** | – |
| Prepaid expenses, deposits and other receivables | **35,714** | **26,688** |
| Other debtors, deposits and prepayments | **131,257** | **26,688** |
| | **132,614** | **28,240** |

Trade debts arising from commodities trading are either receipt in advance or are granted with credit terms up to 90 days. The credit terms granted by the Group to other trade debtors normally ranged from 30 days to 90 days. Rental income arising from leasing of investment properties business are receivable in advance. For interest receivable, there are no credit terms granted by the Group.

The following is an aged analysis of trade debtors presented based on the invoice/delivery notes date at the end of the reporting period:

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Trade debtors | | |
| 0 – 30 days | **1,357** | **1,548** |
| 31 – 60 days | – | **4** |
| | **1,357** | **1,552** |

## 21. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

Before accepting any new customer, the Group will assess the potential customer's credit quality. The directors of the Company will continuously assess the recoverability of the receivables.

No trade debtors were past due but not impaired as at 31st March, 2018 and 2017.

Movements in the allowance for doubtful debts are as follows:

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Balance at beginning of the year | – | 1,344 |
| Allowance for doubtful debts | – | 361 |
| Written off | – | (1,705) |
| Balance at end of the year | – | – |

## 22. LOANS RECEIVABLE

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Secured | 200,000 | – |
| Unsecured | – | 60,000 |
| | 200,000 | 60,000 |

As at 31st March, 2018, loans receivable carry fixed interests at contractual interest rates (which were also equal to the effective interest rates) at 2.00% (2017: from 2.75% to 5.00%) per annum and are repayable within one year (2017: repayable within one year).

As at 31st March, 2018, the loan receivable is secured by a share charge relating to shares in an entity independent of the Group. As at 31st March, 2017, the loans receivable were unsecured.

## 22. LOANS RECEIVABLE (continued)

Before approving any loans to new borrowers, the Group will assess the potential borrower's credit quality and define credit limits individually. Limits attributed to borrowers are reviewed at the end of each year. The directors of the Company will continuously assess the recoverability of the loans receivable.

In the opinion of the directors of the Company, the borrowers have sound financial background and there has not been a significant change in credit quality. As a result, the amounts were considered to be recoverable.

As disclosed in note 40, the loan receivable as at 31st March, 2018 has been settled subsequent to the end of the reporting period.

## 23. EQUITY INVESTMENTS

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Financial assets carried at FVTPL: | | |
| Listed equity securities in Hong Kong | 4,992 | 60,090 |

As at 31st March, 2018 and 2017, the fair value measurement of listed equity securities is categorised as Level 1 as the fair values of the investments were determined by quoted bid prices in an active market.

## 24. SHORT-TERM BANK DEPOSITS, BANK BALANCES AND CASH

The short-term bank deposits and bank balances carried interests ranging from 0.01% to 11.00% (2017: 0.01% to 1.75%) per annum.

## 25. CREDITORS AND ACCRUED EXPENSES

| | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|
| Trade creditors | 651 | 345 |
| Receipt in advance | 109,153 | – |
| Other payables and accrued expenses | 10,159 | 7,223 |
| Other creditors and accrued expenses | 119,312 | 7,223 |
| | 119,963 | 7,568 |

The following is an aged analysis of trade creditors presented based on the invoice/delivery notes date at the end of the reporting period:

| | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|
| 0 – 30 days | 632 | 337 |
| 31 – 60 days | 19 | 8 |
| | 651 | 345 |

The credit periods on purchases of goods ranged from 10 to 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

## 26. BANK AND OTHER BORROWINGS

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Bank loan | 7,277 | 7,156 |
| Loan from a third party | 7,000 | – |
| | 14,277 | 7,156 |
| Secured | 7,277 | 7,156 |
| Unsecured | 7,000 | – |
| | 14,277 | 7,156 |
| The carrying amounts of the above bank and other borrowings based on scheduled repayment dates set out in the loan agreements: | | |
| Within one year | 7,157 | 198 |
| Within a period of more than one year but not exceeding two years | 163 | 204 |
| Within a period of more than two years but not exceeding five years | 6,957 | 6,754 |
| | 14,277 | 7,156 |
| Less: Amounts due within one year shown under current liabilities | (7,157) | (198) |
| Amounts shown under non-current liabilities | 7,120 | 6,958 |

The exposure of the Group's borrowings is as follows:

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Fixed-rate borrowing | 7,000 | – |
| Variable-rate borrowings | 7,277 | 7,156 |
| | 14,277 | 7,156 |

## 26. BANK AND OTHER BORROWINGS (continued)

The variable-rate borrowing carries variable interests at prevailing market rates. The effective interest rate on bank borrowing is 3.95% (2017: 3.20%) per annum as at 31st March, 2018. The fixed-rate borrowing carries fixed interest at 10.00% (2017: nil) per annum as at 31st March, 2018.

As at 31st March, 2018, the bank borrowing of HK$7,277,000 (2017: HK$7,156,000) was secured by investment properties of HK$17,694,000 (2017: HK$16,147,000).

## 27. DEFERRED TAX LIABILITIES

The following table summarises the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

| | Accelerated tax depreciation HK$'000 | Revaluation of properties HK$'000 | Tax losses HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| At 1st April, 2016 | 1,267 | 1,266 | (806) | 1,727 |
| (Credit) charge to profit or loss | (69) | 418 | 69 | 418 |
| Charge to other comprehensive income | – | 70 | – | 70 |
| At 31st March, 2017 | 1,198 | 1,754 | (737) | 2,215 |
| (Credit) charge to profit or loss | (126) | 3,847 | (335) | 3,386 |
| Charge to other comprehensive income | – | 528 | – | 528 |
| Effect of change in tax rate recognised in: | | | | |
| — profit or loss | – | 914 | – | 914 |
| — other comprehensive income | – | 116 | – | 116 |
| Disposal of subsidiaries | (45) | – | 45 | – |
| At 31st March, 2018 | 1,027 | 7,159 | (1,027) | 7,159 |

At 31st March, 2018, the Group has unused tax losses of HK$804,735,000 (2017: HK$786,942,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$6,226,000 (2017: HK$4,467,000) of such losses. No deferred tax asset in respect of the remaining tax losses of HK$798,509,000 (2017: HK$782,475,000) has been recognised due to the unpredictability of future profit streams. Other than tax losses of HK$2,849,000 (2017: HK$2,966,000) arising from the Group's operations in Canada that will expire throughout the years from 2028 to 2035 and HK$767,000 (2017: nil) arising from the Group's operations in the PRC that will expire in 2023, other tax losses may be carried forward indefinitely.

## 28. SHARE CAPITAL

| | Number of shares | Value HK$'000 |
|---|---|---|
| Ordinary shares of HK$0.01 each: | | |
| Authorised: | | |
| At 1st April, 2016, 31st March, 2017 and 31st March, 2018 | **102,800,000,000** | **1,028,000** |
| Issued and fully paid: | | |
| At 1st April, 2016 | **1,667,654,793** | **16,677** |
| Issue of shares — scrip dividend *(Note (a))* | **20,628,034** | **206** |
| At 31st March, 2017 | **1,688,282,827** | **16,883** |
| Issue of shares — placing of shares *(Note (b))* | **330,000,000** | **3,300** |
| At 31st March, 2018 | **2,018,282,827** | **20,183** |

*Notes:*

(a) 20,628,034 shares of HK$0.01 each were issued by the Company to the shareholders who had elected to receive scrip dividend in respect of the final dividend for the year ended 31st March, 2016 on 6th October, 2016 at HK$0.5605 per share.

(b) On 16th March, 2018, the Company completed a placement, through a placing agent, of 330,000,000 new shares of the Company at a price of HK$0.42 per share to certain independent third parties.

These shares rank pari passu with the then existing shares of the Company in all respects.

## 29. SHARE OPTIONS

The Company's existing share option scheme (the "Share Option Scheme") was adopted at the annual general meeting of the Company on 19th August, 2011 (the "Adoption Date").

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Company and its subsidiaries and/or any invested entity(ies) and its subsidiaries.

The Board of Directors of the Company may in its absolute discretion, subject to the terms of the Share Option Scheme, grant options to, *inter alia*, employees or executives, including executive directors of the Company, the controlling shareholder of the Company and any invested entity and their respective subsidiaries, non-executive directors of the Company and any invested entity and their respective subsidiaries, supplier, advisor, agent, consultant or contractor for the provision of goods or services to any member of the Group or any invested entity and its subsidiaries and any vendor, customer or celebrity of any member of the Group or any invested entity and its subsidiaries or any person or entity that provides research, development or other technological support to the Group and any invested entity and its subsidiaries.

At the time of adoption by the Company of the Share Option Scheme on 19th August, 2011, the aggregate number of shares which may be issued upon the exercise of all options to be granted by the Company under the Share Option Scheme and any other share option scheme(s) adopted by the Company must not exceed 10% of the total number of issued shares of the Company as at the date of shareholders' approval of the Share Option Scheme. The Company may refresh such limit by an ordinary resolution of its shareholders at a general meeting provided that the limit so refreshed does not exceed 10% of the then total number of issued shares of the Company as at the date(s) of the shareholders' approvals. Share options previously granted under any share option scheme(s) (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed. As at the date of which these consolidated financial statements authorised for issuance, the total number of shares available for issue under the Share Option Scheme is 166,765,479 (2017: 166,765,479) shares, which represented approximately 8.3% (2017: 10%) of the number of shares in issue of the Company as at the date of which these consolidated financial statements authorised for issuance. Notwithstanding the foregoing, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not, in aggregate, exceed 30% of the total number of issued shares of the Company from time to time.

## 29. SHARE OPTIONS (continued)

Unless approved by the shareholders of the Company in general meeting, the total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted (whether exercised, cancelled or outstanding) under the Share Option Scheme and any other share option scheme(s) of the Company to any eligible person in any 12-month period up to and including the date of further grant shall not exceed 1% of the total number of the Company's shares in issue from time to time. Options granted to a substantial shareholder and/or an independent non-executive director of the Company or any of their respective associates (as defined in the Listing Rules) in any 12-month period in excess of 0.1% of the total number of shares of the Company in issue and having an aggregate value exceeding HK$5 million must be approved by the shareholders of the Company in general meeting in advance.

The period within which the options may be exercised under the Share Option Scheme will be determined by the directors of the Company at the time of grant. This period must expire in any event not later than the day falling 10 years after the date on which the offer relating to such option is duly approved by the Board of Directors. The Share Option Scheme does not provide for any minimum period for which an option must be held before it can be exercised. Options may be granted at an initial payment of HK$1.00 for each acceptance of grant of option(s). The directors of the Company shall specify a date, being a date not later than 30 days after (i) the date on which the offer of the options is issued, or (ii) the date on which the conditions for the offer are satisfied, by which the eligible person must accept the offer or be deemed to have declined it.

The exercise price of the options will be determined by the directors of the Company (subject to adjustments as provided in the rules of the Share Option Scheme) which shall not be lower than the nominal value of the shares of the Company and shall be at least the higher of (i) the closing price of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of the offer, which must be a business day; and (ii) the average of the closing prices of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer.

Subject to early termination in accordance with the provisions of the Share Option Scheme, the Share Option Scheme is valid and effective for a period of ten years commencing after the Adoption Date, after which period no further options shall be granted.

As at 31st March, 2018 and 2017, there were no outstanding share options granted by the Company pursuant to the Share Option Scheme. No share options were granted, exercised, cancelled or lapsed during the current and prior years.

## 30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debts, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and other reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

## 31. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| **Financial assets** | | |
| FVTPL | | |
| Held for trading | 4,992 | 60,090 |
| Designated as at FVTPL | 13,596 | 25,713 |
| Amortised cost (including cash and cash equivalents) | 516,862 | 315,380 |
| **Financial liabilities** | | |
| Amortised cost | 15,300 | 10,504 |

### (b) Financial risk management objectives and policies

The Group's financial instruments include convertible note, equity investments, debt instrument, trade and other debtors, loans receivable, short-term bank deposits, bank balances and cash, trade and other creditors and bank and other borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. There has been no significant change to the Group's exposure to these risks or the manner in which it manages and measures the risks.

## 31. FINANCIAL INSTRUMENTS (continued)

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

***Market risks***

*(i) Currency risk*

At the end of the reporting period, the carrying amounts of the Group's significant net monetary assets and advances to foreign operations which are subsidiaries within the Group denominated in currencies other than the respective functional currencies of the relevant group entities are as follows:

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| **The Group** | | |
| C$ | **13,596** | **12,555** |
| Euro ("EUR") | **25,000** | **–** |
| **Inter-company balances** | | |
| C$ | **30,253** | **30,961** |

Sensitivity analysis

The following details the Group's sensitivity to a 5% increase/decrease in foreign currencies against the respective functional currencies of the relevant group entities. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

On this basis, there will be a decrease/increase in post-tax loss for the year by HK$1,831,000 (2017: HK$1,817,000) and HK$1,044,000 (2017: nil) where C$ and EUR strengthens/weakens against HK$ by 5%, respectively. Management has closely monitored foreign exchange exposure to mitigate the foreign currency risk.

*(ii) Interest rate risk*

As at 31st March, 2018, the Group is exposed to fair value interest rate risk in relation to fixed-rate loans receivable, short-term bank deposits and other borrowing (2017: fixed-rate loans receivable and short-term bank deposits).

As at 31st March, 2018, the Group is exposed to cash flow interest rate risk in relation to bank balances and bank borrowing which are mainly arranged at floating rate (2017: bank balances and bank borrowing).

## 31. FINANCIAL INSTRUMENTS (continued)

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

***Market risks (continued)***

*(ii) Interest rate risk (continued)*

Management has employed a treasury team to closely monitor interest rate movement and manage the potential risk. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. As at 31st March, 2018 and 2017, the Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prime rate quoted by the respective banks offering the Group the relevant banking facilities (the "Prime Rate") arising from the Group's bank borrowing that is denominated in C$.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the financial instruments at the end of the reporting period which carried floating market interest rates. The analysis is prepared assuming the assets and liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis points increase or decrease for short-term bank deposits and bank balances and 50 basis points for bank borrowing are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates for short-term bank deposits and bank balances had been 10 basis points higher/lower, interest rates for bank borrowing had been 50 basis points higher/lower, and all other variables held constant, the Group's post-tax loss for the year would decrease/increase by HK$121,000 (2017: decrease/increase by HK$77,000).

## 31. FINANCIAL INSTRUMENTS (continued)

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

***Market risks (continued)***

*(iii) Other price risk*

The Group is exposed to other price risk through its investments in listed or unlisted convertible note, debt instrument and equity investments. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to price risks at the end of the reporting period.

If prices of the respective debt instrument and equity investments had been 5% higher/lower, post-tax loss for the year would decrease/increase by HK$208,000 (2017: HK$3,058,000) as a result of the changes in fair values of debt instrument and equity investments measured at FVTPL.

For the convertible note, if the stock price of Burcon had been 5% higher/lower, post-tax loss for the year would decrease/increase by HK$4,000 (2017: HK$28,000) as a result of the changes in fair values of the convertible note measured at FVTPL.

***Credit risk***

As at 31st March, 2018, the carrying amounts of financial assets best represent the Group's maximum exposure to credit risk.

In order to minimise the credit risk, management of the Group has determined 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 trade and loan debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31st March, 2018, the Group has concentration of credit risk as the loans receivable and the related interest receivable (included in trade debtors) was due from one counterparty (2017: two counterparties).

The credit risk on liquid fund is limited because the counterparties are banks and other financial institutions with high credit ratings. The Group does not have significant concentration of credit risk on liquid fund.

## 31. FINANCIAL INSTRUMENTS (continued)

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

***Liquidity risk***

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

*Liquidity tables*

| | Weighted average interest rate % | Less than 3 months HK$'000 | 3 months to 1 year HK$'000 | 1 year to 5 years HK$'000 | Total undiscounted cash flows HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|---|
| **2018** | | | | | | |
| Trade and other creditors | – | 1,023 | – | – | 1,023 | 1,023 |
| Bank and other borrowings | 6.92 | 110 | 7,681 | 7,760 | 15,551 | 14,277 |
| | | 1,133 | 7,681 | 7,760 | 16,574 | 15,300 |
| **2017** | | | | | | |
| Trade and other creditors | – | 3,348 | – | – | 3,348 | 3,348 |
| Bank borrowing | 3.20 | 106 | 318 | 7,664 | 8,088 | 7,156 |
| | | 3,454 | 318 | 7,664 | 11,436 | 10,504 |

The amounts included above for variable interest rate instruments for financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

## 31. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value measurements of financial instruments

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

| Financial assets | Fair value as at 2018 HK$'000 | Fair value as at 2017 HK$'000 | Fair value hierarchy | Valuation techniques and key inputs |
|---|---|---|---|---|
| Equity investments | | | | |
| — Listed equity securities | **4,992** | **60,090** | Level 1 | Quoted closing prices in an active market |
| Debt instrument | **–** | **13,158** | Level 2 | Adjusted quoted closing prices in an active market |
| Convertible note | **13,596** | **12,555** | Level 3 | Discounted cash flow method and the Binomial Option Pricing Model. The major significant unobservable inputs used include the discount rate and the expected volatility adopted *(Note)*. |

*Note:* A slight increase in the discount rate adopted would result in a decrease in the fair value measurement of the convertible note, and vice versa. A 5% increase/decrease in the discount rate adopted holding all other variables constant would decrease/increase the carrying amount of the convertible note by HK$83,000 (2017: HK$130,000).

A slight increase in the expected volatility would result in an increase in the fair value measurement of the convertible note, and vice versa. At 5% increase/decrease in the expected volatility holding all other variables constant would increase/decrease the carrying amount of the convertible note by HK$4,000 (2017: HK$17,000).

There were no transfers into and out of Levels 1, 2 and 3 during the current and prior years.

## 31. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value measurements of financial instruments (continued)

***Reconciliation of Level 3 fair value measurements of financial asset***

| | Convertible note HK$'000 |
|---|---|
| As at 1st April, 2016 | – |
| Purchases | 12,127 |
| Interest income recognised in profit or loss | 866 |
| Increase in fair value recognised in profit or loss | 76 |
| Exchange loss recognised in profit or loss | (514) |
| As at 31st March, 2017 | 12,555 |
| Interest income recognised in profit or loss | 1,086 |
| Decrease in fair value recognised in profit or loss | (574) |
| Exchange gain recognised in profit or loss | 529 |
| As at 31st March, 2018 | 13,596 |

For financial instruments that are recorded at amortised cost, fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis. The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period. There were no significant changes in the business or economic circumstances that would affect the fair values of the Group's financial instruments.

## 32. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance for qualifying employees. The assets of the scheme are separately held in funds under the control of trustees.

The cost charged to profit or loss represents contributions paid and payable to the funds by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the end of the reporting period, there were no significant forfeited contributions which arose upon employees leaving the scheme prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

The Group also joined a Mandatory Provident Fund Scheme ("MPF Scheme"). The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF 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 MPF Scheme. No forfeited contributions are available to reduce the contributions payable in future years.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2018

## 33. DISPOSAL OF SUBSIDIARIES

During the year ended 31st March, 2018, the Company disposed of its entire equity interests in certain subsidiaries for an aggregate consideration of approximately HK$23,840,000 (2017: HK$2,358,000). Most of these subsidiaries are investment holding companies.

The net assets of the subsidiaries disposed of on the relevant dates of disposals were as follows:

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| **Consideration received and receivable:** | | |
| Cash received | 23,840 | 2,211 |
| Consideration receivable (included in debtors, deposits and prepayments) | – | 147 |
| | 23,840 | 2,358 |
| **Analysis of the aggregate assets and liabilities over which control was lost:** | | |
| Property, plant and equipment | 325 | – |
| Intangible assets | 150 | 966 |
| Debtors, deposits and prepayments | 20,014 | – |
| Creditors and accrued expenses | (5) | – |
| Net assets disposed of | 20,484 | 966 |
| **Aggregate gain on disposal of the subsidiaries:** | | |
| Consideration received | 23,840 | 2,358 |
| Net assets disposed of | (20,484) | (966) |
| Gain on disposal (included in other income, other gains and losses) | 3,356 | 1,392 |
| **Cash inflow arising on the disposals:** | | |
| Cash consideration received | 23,840 | 2,211 |
| Settlement of consideration receivable in the prior year | 147 | – |
| Proceeds from disposal of subsidiaries | 23,987 | 2,211 |

## 34. OPERATING LEASE ARRANGEMENTS/COMMITMENTS

### (a) The Group as a lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Within one year | 5,489 | 2,138 |
| In the second to fifth year inclusive | 7,288 | 931 |
| | 12,777 | 3,069 |

Leases are negotiated, and monthly rentals are fixed, for an average term of two years (2017: two years).

### (b) The Group as a lessor

At the end of the reporting period, the Group had contracted with a tenant for future minimum lease payments which fall due as follows:

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| Within one year | 524 | 503 |
| In the second to fifth year inclusive | 306 | 796 |
| | 830 | 1,299 |

The investment property held has a committed tenant for the next two years (2017: two years).

## 35. PLEDGE OF ASSETS

As at 31st March, 2018, investment properties of HK$17,694,000 (2017: HK$16,147,000) were pledged by the Group to secure a bank loan granted to the Group.

## 36. 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.

| | Bank and other borrowings HK$'000 |
|---|---|
| At 1st April, 2017 | 7,156 |
| Financing cash flows | 6,507 |
| Non-cash changes | |
| Exchange realignment | 304 |
| Interest expenses | 412 |
| Change in accrued interest | (102) |
| At 31st March, 2018 | 14,277 |

## 37. RELATED PARTY DISCLOSURES

### (a) Related party transactions

During the year, the Group had transactions with related parties, details of which are as follows:

| | | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|---|
| **Related parties** | **Nature of transactions** | | |
| ITC Properties and its subsidiaries *(Note (i))* | Rentals and related building management fee charged by the Group | – | 294 |
| | Rentals and related building management fee paid by the Group *(Note (ii))* | – | 2,794 |
| | Interest income received or receivable by the Group *(Note (iii))* | – | 332 |
| Burcon | Rentals and related building management fee charged by the Group | 457 | 443 |
| | Service fees charged by the Group | 10 | 47 |
| | Interest income received or receivable by the Group | 1,086 | 866 |

*Notes:*

(i) As set out in note 10, the Company distributed all of its equity interests in ITC Properties held by the Group to its shareholders during the year ended 31st March, 2017 and ITC Properties ceased to be an associate of the Group. ITC Properties remained to be a related party of the Group as it was controlled by an executive director of the Company until his resignation on 28th March, 2017.

(ii) The transaction represented rentals and related building management fee paid by the Group to Great Intelligence Limited, an indirectly wholly-owned subsidiary of ITC Properties. The transaction constituted a continuing connected transaction as defined in Chapter 14A of the Listing Rules. The details of this continuing connected transaction were disclosed under the "Connected Transactions" section of the Directors' Report.

(iii) As disclosed in note 19, in October 2016, the Group acquired a senior guaranteed note issued by Treasure Generator Limited, a directly wholly-owned subsidiary of ITC Properties, with the principal amount of US$1,800,000 (equivalent to approximately HK$13,973,000) in the secondary market for a consideration of approximately US$1,778,000 (equivalent to approximately HK$13,806,000). Interest income on the senior guaranteed note amounting to approximately HK$332,000 was recognised in profit or loss during the year ended 31st March, 2017. No such disclosure was made for the year ended 31st March, 2018 as ITC Properties was no longer a related party of the Group since 28th March, 2017.

## 37. RELATED PARTY DISCLOSURES (continued)

### (b) Compensation of key management personnel

Only the directors and chief executive are considered to be the key management personnel of the Group. The remuneration of directors and the chief executive is disclosed in note 6. The remuneration of directors is determined by the Board of Directors of the Company and its remuneration committee having regard to the performance of individuals and market trends.

## 38. FINANCIAL INFORMATION OF THE COMPANY

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| **Non-current asset** | | |
| Investments in subsidiaries | 578,254 | – |
| **Current assets** | | |
| Other receivables | 281 | 291 |
| Amounts due from subsidiaries | 364,805 | 661,548 |
| Short-term bank deposits, bank balances and cash | 134,412 | 216,067 |
| | 499,498 | 877,906 |
| **Current liability** | | |
| Other payables | 1,614 | 1,444 |
| **Net current assets** | 497,884 | 876,462 |
| | 1,076,138 | 876,462 |
| **Capital and reserves** | | |
| Share capital | 20,183 | 16,883 |
| Share premium and reserves *(Note)* | 1,055,955 | 859,579 |
| Total equity | 1,076,138 | 876,462 |

## 38. FINANCIAL INFORMATION OF THE COMPANY (continued)

*Note:* Details of movements in the Company's share premium and reserves are as follows:

| | Share premium HK$'000 | Contributed surplus HK$'000 | Capital redemption reserve HK$'000 | Accumulated profits HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| At 1st April, 2016 | 828,765 | 222,435 | 908 | 838,015 | 1,890,123 |
| Loss and total comprehensive expenses for the year | – | – | – | (1,137) | (1,137) |
| Issue of shares | | | | | |
| — scrip dividend | 11,356 | – | – | – | 11,356 |
| Transaction costs on issue of shares | (51) | – | – | – | (51) |
| Distributions | | | | | |
| — dividend paid | (11,562) | – | – | (38,468) | (50,030) |
| — assets distributed to shareholders | – | (222,435) | – | (768,247) | (990,682) |
| At 31st March, 2017 | 828,508 | – | 908 | 30,163 | 859,579 |
| Profit and total comprehensive income for the year | – | – | – | 65,334 | 65,334 |
| Issue of shares | | | | | |
| — placing on shares | 135,300 | – | – | – | 135,300 |
| Transaction costs on issue of shares | (4,258) | – | – | – | (4,258) |
| At 31st March, 2018 | 959,550 | – | 908 | 95,497 | 1,055,955 |

## 39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31st March, 2018 and 2017 are as follows:

| Name of subsidiary | Place of incorporation/ establishment/ registration | Place of operations | Issued and fully paid share capital | Percentage of issued share capital held by the Company 2018 % | held by the Company 2017 % | attributable to the Group 2018 % | attributable to the Group 2017 % | Principal activities |
|---|---|---|---|---|---|---|---|---|
| *Directly owned* | | | | | | | | |
| All Combine Investments Limited | British Virgin Islands | Hong Kong | US$1 ordinary share | 100 | 100 | 100 | 100 | Investment holding |
| Great Intelligence Limited | British Virgin Islands | Hong Kong | US$1 ordinary share | 100 | 100 | 100 | 100 | Investment holding |
| Treasure Investment Holdings Limited (formerly known as ITC Investment Holdings Limited) | British Virgin Islands | Hong Kong | US$1 ordinary share | 100 | 100 | 100 | 100 | Investment holding |
| ITC Management Group Limited | British Virgin Islands | Hong Kong | US$2 ordinary shares | 100 | 100 | 100 | 100 | Investment holding |
| Large Scale Investments Limited | British Virgin Islands | Hong Kong | US$1 ordinary share | 100 | 100 | 100 | 100 | Investment holding |
| PT Holdings (BVI) Limited (formerly known as Success Million Holdings Limited) | British Virgin Islands | Hong Kong | US$1 ordinary share | 100 | 100 | 100 | 100 | Investment holding |
| PT OBOR Trading Group Limited *(Note (i))* | British Virgin Islands | Hong Kong | US$1 ordinary share | 100 | – | 100 | – | Investment holding |

## 39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

| Name of subsidiary | Place of incorporation/ establishment/ registration | Place of operations | Issued and fully paid share capital | Percentage of issued share capital held by the Company 2018 % | held by the Company 2017 % | attributable to the Group 2018 % | attributable to the Group 2017 % | Principal activities |
|---|---|---|---|---|---|---|---|---|
| *Indirectly owned* | | | | | | | | |
| Burcon Group Limited | Canada | Canada | C$1,000 class A common shares | 100 | 100 | 100 | 100 | Investment and property holding |
| Great Intelligence Holdings Limited | Hong Kong | Hong Kong | HK$2 ordinary shares | 100 | 100 | 100 | 100 | Securities trading and treasury investment |
| PT Credit Limited (formerly known as ITC Finance Limited) | Hong Kong | Hong Kong | HK$2 ordinary shares | 100 | 100 | 100 | 100 | Provision of finance |
| ITC Management Limited | Hong Kong | Hong Kong | HK$2 ordinary shares | 100 | 100 | 100 | 100 | Provision of management, administration and financial services and treasury investment |
| 1081346 B. C. Limited | Canada | Canada | C$1 common share | 100 | 100 | 100 | 100 | Property holding |
| PT Investment Corporation Limited (formerly known as PT International Development Corporation Limited) | Hong Kong | Hong Kong | HK$1 ordinary share | 100 | 100 | 100 | 100 | Investment holding, securities trading and metal trading |
| Carry Profit Global Trading Limited *(Note (i))* | Hong Kong | Hong Kong | HK$1,000,000 ordinary shares | 80 | – | 80 | – | Metal trading |

## 39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

| Name of subsidiary | Place of incorporation/ establishment/ registration | Place of operations | Issued and fully paid share capital | Percentage of issued share capital held by the Company 2018 % | held by the Company 2017 % | attributable to the Group 2018 % | attributable to the Group 2017 % | Principal activities |
|---|---|---|---|---|---|---|---|---|
| 保笙（上海）貿易有限公司 *(Notes (i) and (ii))* | The PRC | The PRC | Renminbi 20,000,000 ordinary shares | **80** | **-** | **80** | **-** | Metal trading |
| Ko Bon Metal Power Limited *(Note (i))* | Hong Kong | Hong Kong | HK$78,000,000 ordinary shares | **100** | **-** | **100** | **-** | Metal trading |
| PT Fishery Trading Limited *(Note (i))* | Hong Kong | Hong Kong | HK$1 ordinary share | **100** | **-** | **100** | **-** | Fishery and vegetables trading |
| Hong Zhan International (Private) Limited *(Note (i))* | Sri Lanka | Sri Lanka | Sri Lankan Rupee 70,590,910 ordinary shares | **100** | **-** | **100** | **-** | Fishery trading |

*Notes:*

(i) The companies are incorporated/established during the year ended 31st March, 2018.

(ii) The entity is established as a limited liability joint venture in the PRC.

None of the subsidiaries had issued any debt securities at the end of the year.

All of the above subsidiaries are limited companies.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the Group for the year or formed a substantial portion of the assets of the Group at the end of the year. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The directors of the Company consider that non-controlling interests arising from the Group's non-wholly owned subsidiaries are not material.

## 40. EVENTS AFTER THE REPORTING PERIOD

### Subscription of preference shares

In April 2018, the Group entered into a subscription agreement with a third party pursuant to which the Group as subscriber agreed to subscribe and the third party as issuer (the "Issuer") agreed to allot and issue 100 preference shares at a total subscription price of HK$200,000,000. The preference shares confer the Group the right to receive cumulative fixed preferential dividend at the rate of 2% per annum of the subscription price. The preference shares are guaranteed by the sole shareholder (the "Guarantor") of the Issuer who has executed a share charge in favour of the Group relating to all shares of the Issuer.

As the Guarantor is indebted to the Group in the amount of HK$200,000,000 (included as loans receivable as at 31st March, 2018), the subscription price for the preference shares has been settled by way of offsetting the loan due by the Issuer (as novated from the Guarantor to the Issuer pursuant to a deed of novation) to the Group. Accordingly, the loan receivable has been fully repaid subsequent to 31st March, 2018.

### Subscription in shares of a fund

On 21st June, 2018, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for shares of a private equity fund established in Korea (the "Fund") which represents approximately 26.67% of the issued share capital of the Fund, as a limited partner, for an aggregate consideration of US$20,000,000 (equivalent to approximately HK$156,000,000) in cash.

### Disposal of subsidiaries

In June 2018, the Group disposed of certain subsidiaries engaged in the holding of yacht, vehicle licenses and motor vehicles to an independent third party for an aggregate consideration of HK$8,200,000.

## 41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

# Financial Summary

| | Year ended 31st March, | | | | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **RESULTS** | | | | | |
| Revenue | 7,121 | 9,099 | 15,027 | 15,404 | 1,984,368 |
| Profit (loss) before taxation | 109,710 | 240,528 | 436,334 | (1,293,560) | (32,706) |
| Taxation | (122) | (40) | (416) | (418) | (4,300) |
| Profit (loss) for the year | 109,588 | 240,488 | 435,918 | (1,293,978) | (37,006) |
| Attributable to: | | | | | |
| Owners of the Company | 109,588 | 240,488 | 435,918 | (1,293,978) | (36,828) |
| Non-controlling interests | – | – | – | – | (178) |
| | 109,588 | 240,488 | 435,918 | (1,293,978) | (37,006) |

| | As at 31st March, | | | | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **ASSETS AND LIABILITIES** | | | | | |
| Total assets | 3,115,635 | 3,125,597 | 3,605,991 | 1,180,622 | 1,428,455 |
| Total liabilities | (110,454) | (18,062) | (72,128) | (16,939) | (141,399) |
| | 3,005,181 | 3,107,535 | 3,533,863 | 1,163,683 | 1,287,056 |
| **EQUITY** | | | | | |
| Equity attributable to: | | | | | |
| Owners of the Company | 3,005,181 | 3,107,535 | 3,533,863 | 1,163,683 | 1,282,153 |
| Non-controlling interests | – | – | – | – | 4,903 |
| | 3,005,181 | 3,107,535 | 3,533,863 | 1,163,683 | 1,287,056 |