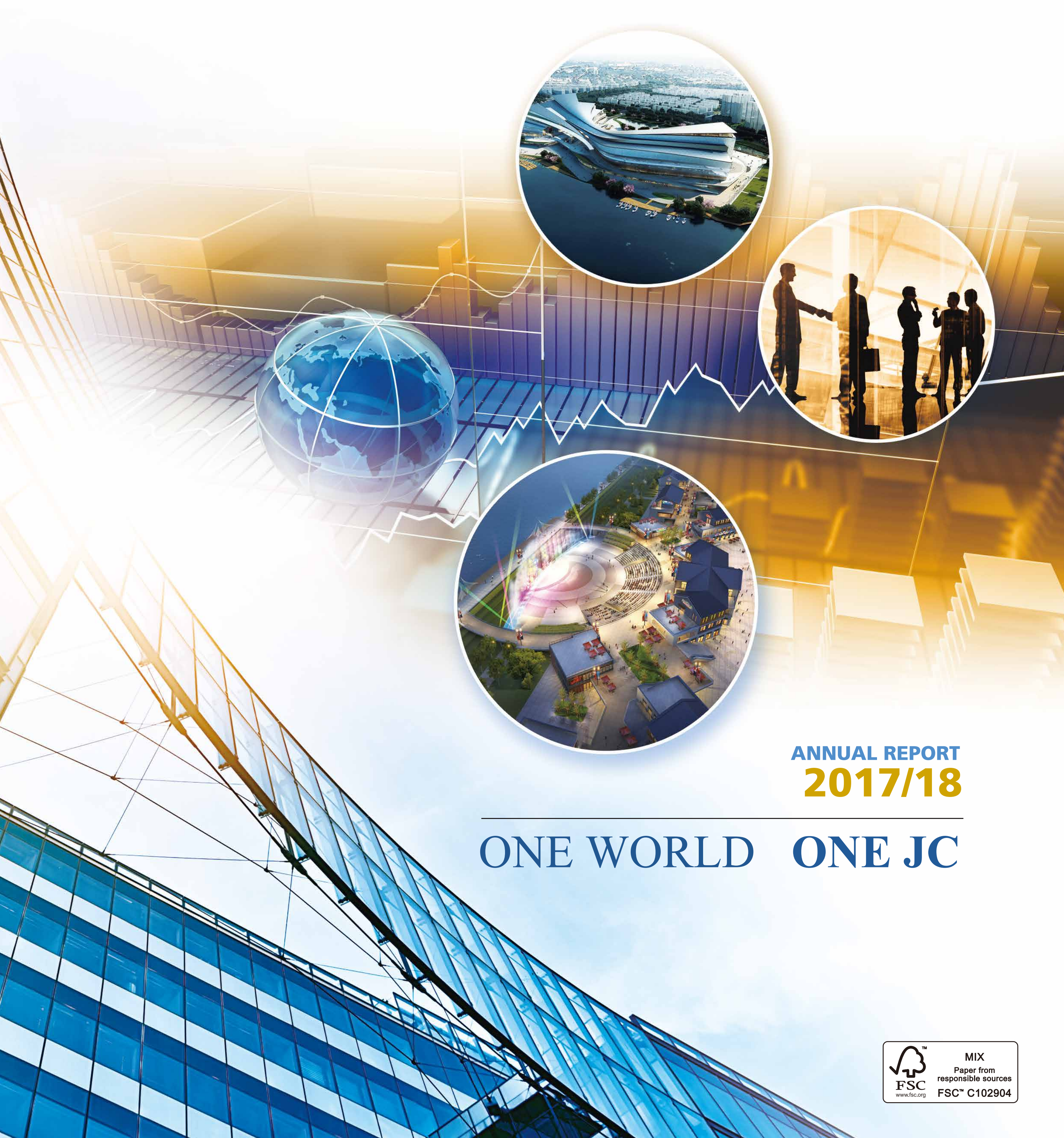
GOLD-FINANCE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1462



ANNUAL REPORT
2017/18

ONE WORLD ONE JC

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CORPORATE INFORMATION

Registered Office	Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands
Head Office and Principal Place of Business	2806–2807, 28/F, Champion Tower, 3 Garden Road, Central, Hong Kong
Board of Directors	***Executive Directors*** Mr. Wei Jie *(the Chairman and Chief Executive Officer)* Ms. Xu Li Yun Mr. Wong Kam Ting ***Independent Non-Executive Directors*** Mr. Niu Zhongjie Mr. Cheung Ying Kwan Mr. Chen Zhao
Audit Committee	Mr. Cheung Ying Kwan *(Chairman)* Mr. Niu Zhongjie Mr. Chen Zhao
Remuneration Committee	Mr. Niu Zhongjie *(Chairman)* Mr. Wei Jie Mr. Cheung Ying Kwan
Nomination Committee	Mr. Wei Jie *(Chairman)* Mr. Niu Zhongjie Mr. Chen Zhao
Authorised Representatives	Mr. Wei Jie Mr. Wong Kam Ting, *CPA*
Company Secretary	Mr. Wong Kam Ting, *CPA*
Legal Advisor	*As to Hong Kong Law* Howse Williams Bowers
Auditor	Ernst & Young
Hong Kong Branch Share Registrar and Transfer Office	Tricor Investor Services Limited Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office	Estera Trust (Cayman) Ltd. Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands
Share Information	Place of listing: Main Board of The Stock Exchange of Hong Kong Limited Stock code: 1462 Board lot size: 2,000 shares
Website	www.gold-finance-gp.com.hk

FIVE YEAR FINANCIAL SUMMARY

RESULTS

For the year ended 31 March

	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**749,482**	740,007	591,999	684,578	581,494
Profit before tax	**209,591**	3,525	24,451	48,067	55,697
Income tax expense	**(50,149)**	(3,156)	(5,196)	(9,540)	(10,419)
Profit for the year	**159,442**	369	19,255	38,527	45,278
Attributable to:					
Owner of the parent	**159,354**	369	19,255	38,527	45,278
Non-controlling interests	**88**	—	—	—	—
	159,442	369	19,255	38,527	45,278
Total comprehensive income for the year	**179,451**	352	19,255	38,527	45,278
Total comprehensive income attributable to:					
Owner of the parent	**179,286**	352	19,255	38,527	45,278
Non-controlling interests	**165**	—	—	—	—
	179,451	352	19,255	38,527	45,278

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

As at 31 March

	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,292,122**	445,261	361,294	373,399	284,046
Total liabilities	**(804,288)**	(189,005)	(107,297)	(126,657)	(144,541)
Non-controlling interests	**(42,040)**	—	—	—	—
	445,794	256,256	253,997	246,742	139,505

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	2018	2017
Financial Performance (HK$'000)		
Revenue	**749,482**	740,007
Gross profit	**129,365**	32,655
Gross profit margin	**17.3%**	4.4%
Profit attributable to equity holders of the parent	**159,354**	369
Financial Position (HK$'000)		
Cash and bank balances	**327,122**	119,109
Total assets	**1,292,122**	445,261
Total liabilities	**804,288**	189,005
Net assets	**487,834**	256,256
Current ratio *(Note 1)*	**1.09 times**	1.68 times
Gearing ratio *(Note 2)*	**30.3%**	0%
Return on equity *(Note 3)*	**35.75%**	0.14%

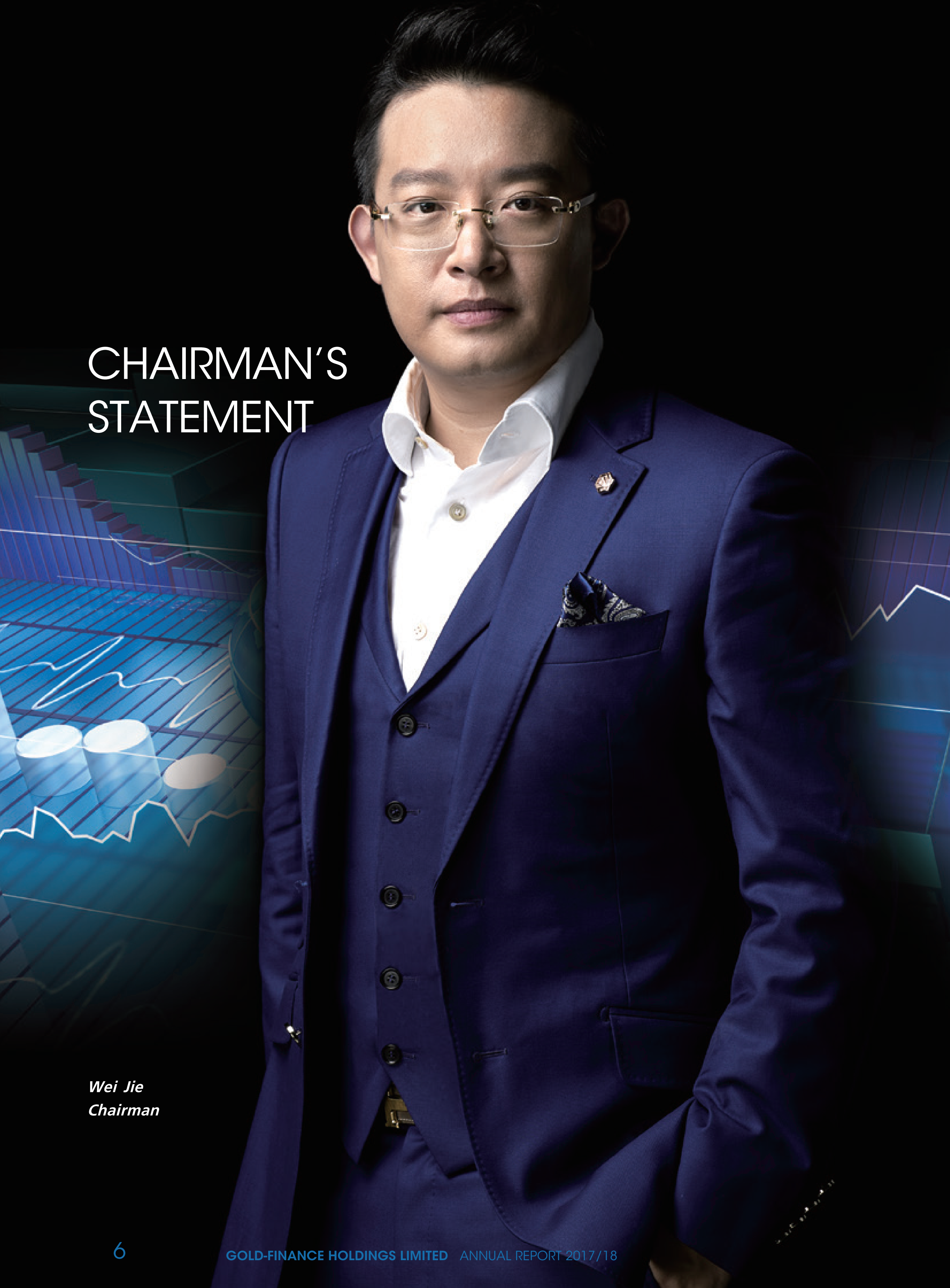
Notes:

1. Current ratio is calculated by dividing current assets by current liabilities as at the end of the reporting period.

2. Gearing ratio is calculated based on the net debt divided by the adjusted capital plus net debt. Net debts are calculated as the total of interest-bearing bank and other borrowings and amounts due to a company controlled by Mr. Wei Jie less cash and cash equivalents. Total capital refers to equity attributable to owners of the parent and liability component of convertible bonds.

3. The calculation of return on equity is based on the profit attributable to owners of the parent during the year divided by the ending equity attributable to owners of the parent as at the end of the reporting period and multiplied by 100%.

CHAIRMAN'S STATEMENT



Wei Jie
Chairman

TO OUR SHAREHOLDERS

Gold-Finance Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") is grateful to our shareholders and clients for their trust and support during the year ended 31 March 2018 (the "Reporting Period"). On behalf of the board of directors (the "Board"), I am pleased to present another year of solid performance. Since the Group has expanded its business portfolio into investment and asset management service and property investment and development, the Company recorded robust net profit growth during the Reporting Period.

2017/2018 was a prosperous year for the industries we operate in, highlighted by the economic growth in both mainland China and Hong Kong. The Group timely seized the opportunity of Public-Private-Partnership (the "PPP") business model encouraged by the People's Republic of China (the "PRC") government to strengthen its unique town property investment & development and unique town industry investment fund segments as well as the investment and asset management services and building services in Hong Kong.

During the Reporting Period, the Group recorded turnover of approximately HK$749.5 million, up by 1.3% from approximately HK$740.0 million for the year ended 31 March 2017. The increase was mainly due to the combined effect of: (i) Investment and asset management services in the PRC generated rapid growth in revenue by approximately 48 times to HK$117.2 million (2017: approximately HK$2.4 million), as full year operation was reflected in current year profit or loss; despite of (ii) Decrease in contract revenue from HK$737.6 million to HK$631.7 million, as certain one-off projects were completed during the Reporting Period. Ongoing projects remain stable and are able to provide sustainable revenue and cash inflow.

Competitiveness is increasing in the investment and asset management industry, we are always committed to maximizing the investment return to our investors. The Group recorded a gross profit of approximately HK$129.4 million. The gross profit margin increased from approximately 4.4% for the year ended 31 March 2017 to approximately 17.3% for the Reporting Period.

As at 31 March 2018, the Group was responsible for the management and operation of 29 private funds (the "Funds") with approximately RMB9.2 billion asset under management. We are glad that we have come forward together with this great achievement which demonstrates the rapid demands from the high net worth investors in the PRC for unique town industry investment funds. The Group is actively expanding its asset management portfolio, as at 31 March 2018, the aggregate target fund size of the Funds were expected to be approximately RMB23 billion.

In recent years, the PPP market in PRC has developed rapidly. According to the statistics from the PPP Centre of the Ministry of Finance of the PRC, by the end of May 2018, the number of recorded PPP projects in the National PPP Integrated Information Platform Project Database was 7,606 and the total investment reached RMB11.7 trillion, which is in line with the national urbanization policies imposed by the PRC government.

The Group will continue to explore the business of unique town property investment and development with focus primarily in the development of unique towns in the PRC through the Company's PRC subsidiary, Bao Ming (Hong Kong) Real Estate Group Limited (the "Bao Ming"). In the past year, the Group has acquired the land use rights of seven parcels of land located in the prime locations in the PRC. The Group expected to develop unique town projects in the acquired land with the integration of "PPP + industrialisation + financialisation". The Group has seized the opportunity of the development of unique towns and established its unique town industry investment funds. We are more proactive and forward looking to seek more exposure in the PRC with the changing needs of the market.

The outlook for the building services industry in Hong Kong remains steady. According to the Hong Kong 2018-2019 Budget, Hong Kong Government is committed to invest approximately HK$86 billion to infrastructure works. With a number of projects in their construction period, the estimated annual infrastructure works expenditure for the next few year is expected to continue to stay at a stable level. As a result, the sector of building services will continue to grow and the Group remains optimistic of this trend in the future.

In the next few years, we will continue the expansion in the investment and asset management and the property investment and development sectors. The Group can take advantage of the experience in the industries of building services and investment and asset management to facilitate the continued development of PPP related unique town projects. At the same time, we will also continue to focus on electrical installation, air-conditioning installation works and fire services installation.

In 2018, we will continue to deliver sustainable and responsible growth anchored by our commitment and effort to make our core business in Hong Kong as resilient and businesses in the PRC as diverse as we can. A fruitful year is expected for 2018.

QUALIFICATIONS AND LICENSES

The following table summarises the details of the major qualifications and licences obtained by the Group as at 31 March 2018.

Government and related organisations	**Category**
Electrical and Mechanical Services Department	Registered Electrical Contractor
Building Authority	Registered Specialist Contractor (Ventilation)
Fire Services Department	Registered Fire Service Installation Contractor — Classes 1 & 2
Works Branch, Development Bureau	Electrical Installation — Approved Suppliers of Materials & Specialist Contractors — Group III
Works Branch, Development Bureau	Air-conditioning Installation — Approved Suppliers of Materials & Specialist Contractors — Group II (probationary)
Works Branch, Development Bureau	Fire Service Installation — Approved Suppliers of Materials & Specialist Contractors — Group I
Hong Kong Housing Authority	Housing Authority List of Electrical Contractors (probationary)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in the provision of investment and asset management services in the PRC, property investment and development in the PRC and building services in Hong Kong. During the Reporting Period, the Group has acquired several parcels of land and properties in the PRC as it intended to expand its business portfolio with focuses primarily in developing unique towns in the PRC.

Investment and Asset Management Services

As referred to in the Company's announcements dated 16 October 2016, 18 October 2016, 11 January 2017, 13 June 2017, 20 June 2017 and 12 December 2017 and circular dated 18 November 2016 and 10 August 2017, the Group has expanded its business portfolio into the areas of investment and asset management with focuses on the PPP projects (the "PPP Projects") under the collaboration with government in relation to infrastructure projects through the subsidiaries, principally engaged in investment management and consulting (save for securities and futures) and with the required licence for fund management activities. As at 31 March 2018, the Group is responsible for the management and operation of 29 private equity funds (the "Funds") with target investment primarily in the PPP Projects. As at 31 March 2018, the aggregate target fund size of the Funds were approximately RMB23 billion and the total asset under management amounted to approximately RMB9.2 billion. As at 31 May 2018, the aggregate target fund size of the Funds were expected to be approximately RMB25.5 billion and the total asset under management amounted to approximately RMB10 billion.

Property Investment and Development

During the Reporting Period, the Group acquired several parcels of land and properties in the PRC with focus primarily in developing unique towns in the PRC, as mentioned in the Company's announcements dated 19 July 2017, 10 August 2017, 17 August 2017, 6 September 2017, 7 September 2017, 27 September 2017, 3 October 2017, 9 October 2017, 27 October 2017, 30 October 2017, 31 October 2017, 17 November 2017, 4 December 2017, 13 December 2017, 4 January 2018, 5 January 2018 and 8 January 2018.

Bao Ming, an indirectly wholly-owned subsidiary of the Company, is the investment vehicle of the Group for expanding into the property investment and development business with focus primarily on unique towns in the PRC. The Board believes that the property investment and development business with focus on unique towns in the PRC represents an opportunity for the Group to lay a solid foundation for its long term development and achieve sustainable long term growth. In December 2017, the Group set up two indirectly wholly-owned subsidiaries, Bao Ming Commercial Property (Hong Kong) Limited and Bao Ming Property Development (Hong Kong) Limited, to seek and identify attractive investment opportunities with the objective of expanding our revenue sources and improving profitability.

As at 31 March 2018, the Group has acquired the land use rights of three parcels of land in Gaoyou City of Jiangsu Province, one parcel of land in the Huaian City of Jiangsu Province, one parcel of land located at Xiang Shan County of Ningbo City in Zhejiang Province and one parcel of land in the Yueyang City of Hunan Province. In addition, the Group has acquired a parcel of land and seven commercial buildings erected on the same land located at Xuyi County of Huaian City in Jiangsu Province. The Group has commenced development of two parcels of land in Gaoyou City and the parcel of land in the Yueyang City. The Group plans to commence development of the other parcels of land in 2018. The Company considers the acquisition of the land parcels is in line with the business strategies of the Group to expand the footprint of the Group's business to property investment and development and thereby able to benefit from the rapid growth of the PRC local economy.

Summary of new property development in the PRC

City	Yueyang City	Ningbo City	Gaoyou City	Gaoyou City	Huaian City	Huaian City
Land/property	Yueyang Land	Xiangshan Land	Gaoyou Land	Second Gaoyou Land	Huaian Land	Xuyi Property
Province	Hunan Province	Zhejiang Province	Jiangsu Province	Jiangsu Province	Jiangsu Province	Jiangsu Province
Address	Located at Junshan District* (君山區), Yueyang City	Located at Xiang Shan Country* (象山縣), Ningbo City	Located at Song Qiao Town, Li Gu Village* (送橋鎮李古村), Gaoyou City	Located at Song Qiao Town, Li Gu Village* (送橋鎮李古村), Gaoyou City	Located at Hongze District* (洪澤區), Huaian City	Located at Xuyi Country* (盱眙縣), Huaian City
Usage	Office, Shopping mall, Hotel and Serviced Apartments	Office, Convention and Exhibition Centre, Hotel	Research and Development Centre, Production Factory	Office, Convention and Exhibition Centre, Hotel	Research and Development Centre, Production Factory	Office, Hotel
Site area (s.q.m)	138,648	51,222	189,756	32,365	193,016	9,173
Maximum gross floor area (s.q.m)	298,093	112,688	379,512	129,460	308,826	4,913
Interest attributable to the Group (%)	99.7%	99.7%	98.8%	99.7%	99.8%	100.0%
Stage of completion	Construction in progress	Expected to commerce in second half of 2018	Construction in progress	Expected to commerce in second half of 2018	Construction in progress	N/A
Expected year of construction completion	By phases from 2019 to 2020	By phases from 2020 to 2021	By phases from 2019 to 2020	By phases from 2019 to 2020	By phases from 2020	N/A

Yueyang JC Star

On 30 October 2017, 岳陽寶明置業發展有限公司 (Yueyang Baoming Real Estate Development Co., Ltd.*) ("Yueyang Baoming"), an indirectly-owned subsidiary of the Company, made a successful bid for the land use rights of the land (the "Yueyang Land") in the auction held by the relevant local government of Yueyang City for the total consideration of RMB158 million. The Yueyang Land is located at Yueyang City, Hunan Province, the PRC with a total site area of approximately 138,648 sq.m. The Yueyang Land is designated partly for residential use and partly for commercial use with the term of 70 years for residential use and 40 years for commercial use.

The Yueyang Land is encircled by well-known sightseeing attractions, including Junshan Island (君山島) on its west side and Yueyang Pavilion (岳陽樓) on its east side. Yueyang Pavilion and Junshan Island in Yueyang City are both known as 5A Scenic Tourist Resort Area (5A風景旅遊度假區) and National Key Scenic Spots (國家重點風景名勝), which are top tourism sites in the PRC.

The Group intends to develop a modern commercial complex, called "JC Star" ("金誠之星") on the Yueyang Land, with planned total gross floor area of approximately 290,000 sq.m., including office building, shopping mall, hotel and serviced apartments.

The construction work of the project has commenced in first quarter 2018. The project is scheduled for completion by phases from 2019 to 2020. The development has received the strong support of the local government.

Xiangshan JC Star

On 6 September 2017, 象山寶明體育文化發展有限公司 (Xiang Shan Bao Ming Sport & Culture Development Co., Ltd.*) ("Xiangshan Baoming"), an indirectly-owned subsidiary of the Company, made a successful bid for the land use rights of the land (the "Xiangshan Land") in the auction held by the relevant local government of Xiangshan County for the total consideration of approximately RMB69.15 million. The Xiangshan Land is located at Xiang Shan County, Ningbo City, Zhejiang Province. The Xiangshan Land has a land area of approximately 51,222 sq.m. The Xiangshan Land is designated for commercial use with the term of 40 years.

Xiang Shan County is a peninsula located in Ningbo City, which is a coastal city in the Zhejiang Province. The Xiangshan Land is situated in Xiang Shan County, which has great development potentials of its tourism and industrial sectors. In recent years, the local government of Xiang Shan County has vigorously promoted the development of its tourism and industrial sectors. The Group intends to develop a modern commercial complex, called "JC Star" ("金誠之星") on the Xiangshan Land, with planned total gross floor area of approximately 110,000 sq.m., including office building, convention and exhibition centre, and hotel.

The project is still in the design stage. The construction work of the project is expected to commence in second half of 2018. The project is scheduled for completion by phases from 2020 to 2021. The development has received the strong support of the local government.

Gaoyou Industrial Park

On 9 August 2017, 揚州有象物聯科技有限公司 (Yang Zhou Youxiang Science & Technology Co., Ltd.*) ("Yang Zhou You Xiang"), an indirectly-owned subsidiary of the Company, made a successful bid for the land use rights of two parcels of land (the "Gaoyou Land") in the Auction held by the relevant local government of Gaoyou City for the total consideration of approximately RMB47.25 million. The Gaoyou Land are located at Gaoyou City, Jiangsu Province. The Gaoyou Land have a combined land area of approximately 189,756 sq.m. Both parcel of Gaoyou Land are designated for industrial use with the term of 50 years.

In the PRC, around 70% of the street lamps are produced in Gaoyou City, our Group intends to take the advantages of this unique industrial foundation to develop a modern industrial park on the Gaoyou Land, with planned total gross floor area of approximately 350,000 sq.m., including several research and development buildings and production factory. In recent years, the local government of Gaoyou City has vigorously promoted the development of economic zones and has implemented a series of measures to attract investments into Gaoyou City. The development has received the strong support of the local government.

The construction work of the project has commenced in November 2017. The project is scheduled for completion by phases from 2019 to 2020. One of the research and development building has completed its main structure in May 2018.

Huaian Industrial Park

On 4 January 2018, 淮安市寶明智慧產業園有限公司 (Huaian City Baoming Intelligence Industrial Zone Co., Ltd.*) ("Huaian Baoming"), an indirectly-owned subsidiary of the Company, made a successful bid for the land use rights of the land (the "Huaian Land") in the Auction held by the relevant local government of Huaian City for the total consideration of approximately RMB23 million. The Huaian Land is located at Hongze District, Huaian City, Jiangsu Province, the PRC. The Huaian Land has a land area of approximately 193,016 sq.m. The Huaian Land is designated for industrial use with the term of 50 years.

The Huaian Land is situated at the center of Jiangsu Hongze Economic Development Zone which is the provincial level economic development zone in the Jiangsu Province. In recent years, the local government of Hongze District has vigorously implemented a series of measures to promote the development of high and new technology enterprise. The development has received the strong support of the local government.

The Group intends to develop a modern industrial park on the Huaian Land, with planned total gross floor area of approximately 300,000 sq.m., including several research and development buildings and production factory.

The construction work of the project has commenced in May 2018. The project is scheduled for completion in phase from 2020.

Gaoyou JC Star

On 30 October 2017, 揚州金誠之星商業發展有限公司 (Yang Zhou Jincheng Star Commercial Development Co., Ltd.*) ("Yang Zhou Jincheng"), an indirectly-owned subsidiary of the Company, made a successful bid for the land use rights of the land (the "Second Gaoyou Land") in the Auction held by the relevant local government of Yangzhou City for the total consideration of approximately RMB34 million. The Second Gaoyou Land is located at located at Gaoyou City, Jiangsu Province. The Second Gaoyou Land has a land area of approximately 32,365 sq.m. The Second Gaoyou Land is designated for commercial use with the term of 40 years.

Gaoyou City has been awarded as one of the hundredth small and medium sized cities in the PRC with most investment potential for seven consecutive years by the Chinese Academy of Social Sciences. In recent years, the local government of Gaoyou City has vigorously promoted the development of economic zones and has implemented a series of measures to attract investments into Gaoyou City. The development has received the strong support of the local government.

The Group intends to develop a modern commercial complex, called "JC Star" ("金誠之星") on the Second Gaoyou Land, with planned total gross floor area of approximately 120,000 sq.m., including office building, convention and exhibition centre, and hotel.

The project is still in the design stage. The construction work of the project is expected to commence in second half of 2018. The project is scheduled for completion by phase from 2019 to 2020. The development has received the strong support of the local government.

Xuyi Property

On 5 January 2018, 盱眙寶明置業發展有限公司 (Xuyi Baoming Real Estate Development Co., Ltd.*) ("Xuyi Baoming"), an indirect wholly-owned subsidiary of the Company, has successfully acquired the land use rights of the land and the seven commercial buildings with a gross floor area of 4,913 sqm. erected on the same land ("Xuyi Property") from the People's Government of Xuyi County.

The Xuyi Property is located at Xuyi County, Huaian City, Jiangsu Province, the PRC. The land is designated for commercial and residential use with a land area of approximately 9,173 sqm. The land use term for commercial use and residential use expires on 24 March 2051 and 24 March 2081, respectively. During the Reporting period, the seven commercial buildings have been leased out with a lease term of three years.

Building Services

The engineering works undertaken by the Group are mainly related to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works. The Group undertakes engineering projects in both public and private sectors, which are mainly building related projects including (i) new building development; and (ii) existing building renovation. All of the Group's contract revenues were derived in Hong Kong.

As at 31 March 2018, the Group had 47 one-off and retainer projects in progress, with a total estimated outstanding contract sum and work order value of approximately HK$371 million. The Group's building services business is undertaken by an operating subsidiary, Fungs E & M, a building services engineering specialist in various building works in both public and private sectors in Hong Kong.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Period was approximately HK$749.5 million representing an increase of approximately 1.3% from approximately HK$740.0 million in the previous corresponding year. The increase was mainly due to the combined effect of:

(i) Provision of investment and asset management services in the PRC which generated rapid growth in revenue from approximately HK$2.4 million to HK$117.2 million, as full year operation was reflected in current year profit or loss; and

(ii) Decrease in contract revenue from HK$737.6 million to HK$631.7 million, as certain one-off project was completed during the year ended 31 March 2018. On going projects remain stable and able to provide stable revenue and cash inflow.

Gross profit margin

During the Reporting Period, the Group recorded a gross profit of approximately HK$129.4 million. The gross profit margin increased from approximately 4.4% for the year ended 31 March 2017 to approximately 17.3% for the Reporting Period. The increase was mainly due to growth in investment and asset management services segment, which contributed a higher gross profit margin for the Reporting Period.

Fair value gain on investment properties

During the Reporting Period, the Group recorded fair value gain on investment properties of approximately HK$85.9 million, and approximately HK$0.4 million for the previous corresponding year. It was due to the fair value gain on newly acquired investment properties.

Other income and gains, net

Other income and gains increased by approximately 8.9 times from approximately HK$4.8 million from the previous year to approximately HK$47.6 million for the Reporting Period. The increase was mainly due to one-off gain from disposal of an available-for-sale investment and financial assets at fair vale through profit or loss of HK$30.5 million and one-off investment advisory income on investment and asset management services of HK$10.3 million.

Administrative expenses

The Group's administrative expenses for the Reporting Period were approximately HK$47.2 million, representing an increase of approximately 37.6% from approximately HK$34.3 million in the previous corresponding year. The increase was mainly attributable to the combined effect of (i) increase in the employee benefit expenses of HK$7.8 million is mainly due to expansion of two segments, the investment and assets management service and the property investment and development segments; and (ii) the increase in management fee and rent and rate of approximately HK$4.6 million incurred for the Group's transactions during the Reporting Period.

Net profit after tax

For the Reporting Period the Group recorded net profit of approximately HK$159.4 million, an increase of approximately HK$159.1 million as compared to the net profit of approximately HK$369,000 for the previous corresponding year. This was mainly due to the increase in gross profit margin, other income and gains and fair value gain on investment properties.

Liquidity and Financial Resources

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, bank and other borrowings, convertible bonds, cash inflows from operating activities and proceeds received from the listing of the Company's shares on the Main Board of the Stock Exchange on 16 October 2014.

Based on the principle of maximizing the returns of the shareholders and the aim to improve the utilisation of idle cash, the Group had held financial assets at fair value through profit or loss of approximately HK$15.2 million. As at 31 March 2018, the total banking facilities and other loan facilities of the Group amounted to approximately HK$30.0 million and HK$755.1 million, respectively (31 March 2017: HK$40.0 million and Nil).

As at 31 March 2018, the Group had cash and cash equivalents of approximately HK$327.1 million, representing an increase of 174.6% from approximately HK$119.1 million as at 31 March 2017. The Group had a pledged deposit for a life insurance product with a carrying amount of approximately HK$6.6 million and HK$6.4 million as at 31 March 2018 and 31 March 2017, respectively. The increase in cash and cash equivalents during the Reporting Period was mainly due to the combined effects of (i) net cash inflow from operating activities of approximately HK$29.1 million; (ii) cash proceeds from disposal of financial assets of approximately HK$119.7 million; (iii) net cash inflow from financing activities of approximately HK$598.8 million; (iv) payment for the acquisition of investment properties and investment properties under development of approximately HK$488.0 million; and (v) payment for the acquisition of financial assets of approximately HK$68.3 million.

Gearing ratio is calculated based on the net debt divided by the adjusted capital plus net debt. Net debts are calculated as the total of interest-bearing bank and other borrowings and amounts due to a company controlled by Mr. Wei Jie less cash and cash equivalents. Total capital refers to equity attributable to owners of the parent and liability component of convertible bonds. Gearing ratio as at 31 March 2018 is 30.3% (31 March 2017: 0%)

As at 31 March 2018, the Group had aggregate banking facilities of approximately HK$30.0 million, which were not utilised by the Group. As at 31 March 2018, the banking facilities were secured by (i) a legal charge over the Group's investment property situated in Hong Kong with a carrying amount of HK$9,000,000; (ii) legal charge over a building of the Group with carrying amount of approximately HK$12.1 million; and (iii) pledged deposit for a life insurance product with a carrying amount of approximately HK$6.6 million.

On 12 June 2018, the Company received a conversion notice from the subscriber of the convertible bonds (the "Convertible Bonds") in relation to the exercise in full of the conversion rights attached to the Convertible Bonds, to convert the Convertible Bonds in the principal amount of US$7.33 million (equivalent to HK$56,807,500) at the conversion price of HK$1.50 per conversion share (the "Conversion"). Accordingly, 37,871,666 conversion shares, representing approximately 0.95% of the total issued shares of the Company immediately before the Conversion and approximately 0.94% of the total issued shares of the Company immediately after the Conversion, were allotted and issued to the subscriber on 12 June 2018 pursuant to the terms and conditions of the Convertible Bonds. The conversion shares rank pari passu in all respects among themselves and with all other existing shares in issue. Please refer to the announcements of the Company dated 1 June 2017, 12 June 2017 and 12 June 2018 for further details of the Convertible Bonds and the Conversion.

Contingent Liabilities

Details of the Group's contingent liabilities are set out in note 34 to the financial statements.

Capital Commitments

Details of the Group's capital commitments are set out in note 37 to the financial statements.

Capital Expenditures

For the Reporting Period, the Group purchased property, plant and equipment and investment properties of approximately HK$7.0 million and HK$488.0 million, respectively (2017: approximately HK$6.3 million and Nil, respectively).

PROSPECTS

The PRC government has vigorously promoted the implementation of local infrastructure projects in the form of PPP since 2013 through the promulgation of a number of policies such as《國務院關於創新重點領域投融資機制鼓勵社會投資的指導意見》(國發[2014]60號) (The State Council's Investment and Financing Mechanism for Key Innovation Fields (Guofa [2014] No. 60)),《中共中央國務院關於深化投融資體制改革的意見》(中發[2016]18號) (The Opinion of the Central Committee of the Communist Party and the State Council on Deepening the Reform of Capital System (Zhongfa [2016] No. 18)) and《傳統基礎設施領域實施政府和社會資本合作項目工作導則》(發改投資[2016]2231號) (The Guidelines for the Implementation of Government and Social Capital Cooperation Projects in the Field of Traditional Infrastructure (Fagai Touzi [2016] No. 2231)). Besides the promulgation of favourable policies, the PRC government has also increased the number of infrastructure projects in the recent years. In end of 2014, the Finance Department of the PRC (the "Finance Department") released the first batch of PPP demonstration projects, which contained a total of 30 projects with an aggregate investment value of approximately RMB180 billion. In September 2015, the Finance Department released the second batch of PPP demonstration projects which contained a total of 206 projects with an aggregate investment value of approximately RMB659 billion. In October 2016, the Finance Department released the third batch of PPP demonstration projects which contained a total of 516 projects with an aggregate investment value of approximately RMB1,170.8 billion. The number of projects and aggregate investment value for the third batch are significantly higher than those for the first batch and second batch. According to the report delivered by Mr. Xi Jinping, the President of the PRC, at the 19th National Congress of the Communist Party of China, the PRC will deepen the institutional reform in the PRC's financial sector to make it better serve the real economy which is a long-term task and national development strategy in the PRC (the "National Strategy"). The Group is in line with the National Strategy to act as an important financing source to further and better serve the real economy with focuses mainly on infrastructure and integrated urban development projects. In view of the foregoing industry outlook/market trend, the Board is of the view that the future prospect of its investment and asset management business is promising.

The PRC government has promulgated a number of favourable policies in promoting the development of unique towns throughout the PRC since February 2016. In particular, according to the Opinion on Deepening the Construction of New Urbanisation* (Guofa 2016 (No. 8)) 關於深入推進新型城鎮化建設的若干意見(國法2016(8號)) issued by the State Council of the PRC in February 2016, the development of unique towns combining leisure tourism, trade, folk culture heritage, science and technology and advanced manufacturing is encouraged to be accelerated to promote agricultural modernisation and town urbanisation. Further, pursuant to the Notice on Cultivation of Unique Towns* (Jiancun 2016 (No. 147)) 關於開展特色小鎮培育工作的通知(建村2016(147號)) and the Notice of the National Development and Reform Commission on Implementing the Key Tasks of Promoting New Urbanization Construction in 2018* (國家發展改革委關於實施2018年推進新型城鎮化建設重點任務的通知) issued by the National Development and Reform Commission in July 2016, a target to develop approximately 1,000 unique towns throughout the PRC by 2020 was set. Moreover, the PRC government committed to accelerate the urbanization of agricultural population, improve the quality of urban construction and urban development, accelerate the integration of urban and rural development and deepen the reform of the system of urbanization. In addition, many provincial governments have implemented specific policies to provide developers of unique towns certain benefits including subsidies, financial support and credit support.

In view of the aforesaid favourable PRC government policies, together with the capabilities and experience in property investment and development in the PRC possessed by certain Directors and the parent company, the Directors believe that the expansion into the property investment and development business with the focus on developing unique towns by the Group represents an excellent opportunity for the Group to achieve sustainable long term growth.

According to the Hong Kong 2018–19 Budget, the Hong Kong Government will allocate approximately HK$86 billion to infrastructure work. With a number of projects in their construction period, infrastructure works expenditure is expected to remain at relatively stable level in the next few years.

The building services industry is steering towards designing and installing more complex and more energy efficient systems for buildings in Hong Kong. The public's increasing awareness of energy efficiency and indoor air quality and sustainability have triggered contractors in the building services industry to construct better heating, ventilation and air-conditioning systems. Therefore, the design and installation work processes for intelligent buildings are more complicated.

In view of the aforesaid public expenditure on capital works and the market development, the Directors believe that there will still be opportunities for our building services business in both private and public sectors in the future.

FOREIGN EXCHANGE RISK

Foreign exchange risk means the risk on the fluctuation of fair value or future cash flows of financial instruments which arose from changes in exchange rates.

The activities of the Group's business are exposed to foreign currency risks which mainly arise from its operations in the PRC and certain bank deposits denominated in RMB held in and relating to PRC entities. In addition, it has exposure to Euro arising from the bank loan denominated in Euro. Appropriate measures have been taken to mitigate the foreign exchange risk exposure. The Group monitors its foreign currency exposure closely and will consider adopting hedging policy should the need arise.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group had no material acquisitions and disposals of subsidiaries and associated companies during the Reporting Period.

SIGNIFICANT INVESTMENTS

Save as disclosed, during the Reporting Period, the Company did not hold any significant investment.

STAFF AND REMUNERATION POLICY

As of 31 March 2018, the Group employed 121 employees in Hong Kong and the PRC. The Group reviewed directors and employees' remuneration from time to time and salary adjustment was normally made on an annual basis with reference to their performance and work experience and with reference to the prevailing market conditions. Staff benefits include the mandatory provident fund and training programs.

The total remuneration cost incurred by the Group for the Reporting Period was approximately HK$44.9 million (2017: approximately HK$38.7 million).

EXECUTIVE DIRECTORS

Mr. Wei Jie, aged 37, has been appointed as an executive Director, chairman of the Board and chief executive officer of the Company since February 2016. Mr. Wei has taken up the management role as a director of a number of subsidiaries of the Company. He completed a three-year distance learning course offered by 浙江大學 (Zhejiang University) and obtained his undergraduate degree in law therefrom in 2005. Mr. Wei then obtained his master degree in law from 浙江大學光華法學院 (Zhejiang University Guanghua Law School) in June 2013. Mr. Wei started his legal training in 2001 as a legal assistant in 浙江越翰林律師事務所 (Zhejiang Yuehanlin Law Firm) and was later retained and worked as an attorney in the same firm until 2007. Mr. Wei is the chairman and chief executive officer of Gold-Finance (Holdings) Group Co. Ltd. Mr. Wei joined 杭州金至誠理財諮詢有限公司 (Hangzhou Jinzhicheng Wealth Management Consulting Co. Ltd.*) in May 2009. Mr. Wei has taken part and led the design of many finance management projects. These projects include large government related products such as "金浙一號" and "金蘇一號" and real estate type products like Lingshan fund. Since 2009, Mr. Wei promoted and founded a national high-end financial forum 西湖論金 ("Xihu Lunjin") where many well-known economists, economic strategists and senior managers gather and discuss about the economy and asset management. Mr. Wei is the cousin of Ms. Xu Li Yun.

Ms. Xu Li Yun, aged 37, has been appointed as an executive Director since 3 February 2016. Ms. Xu has taken up the management role as a director of a number of subsidiaries of the Company. She obtained her bachelor's degree in financial accounting from 上海財經大學 (Shanghai University of Finance and Economics) on 30 December 2005 (through selfstudy examination of higher education). Ms. Xu has been the general manager of the finance department of Chengze Jinkai since November 2012. She is in charge of establishing and improving the financial control system and making strategic suggestions. From April 2005 to March 2007, Ms. Xu worked for 泰映(上海)國際貿易有限公司 (Taiying (Shanghai) International Trade Co. Ltd.*) and from May 2007 to June 2011, Ms. Xu worked for 中達電通股份有限公司 (Zhongda Electronic Communication Co. Ltd.*). Ms. Xu served as financial executive and deputy financial controller of Chengze Jinkai from July 2011 to March 2012 and from April 2012 to October 2012, respectively. Ms. Xu is the cousin of Mr. Wei.

Mr. Wong Kam Ting, aged 33, has been appointed as an executive Director since September 2016. He is also the company secretary, financial controller, authorised representative and process agent of the Company since March 2016. Mr. Wong has seven years of experience in the field of auditing, equity research and investment. Mr. Wong began his career in PricewaterhouseCoopers as an auditor. Prior to joining the Company, Mr. Wong served as a research analyst in various investment banks. Mr. Wong received his bachelor's degree in business administration with a major in professional accountancy from The Chinese University of Hong Kong in 2008. He is also a member of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Niu Zhongjie, aged 50, has been appointed as an independent non-executive Director since 3 February 2016. He obtained a bachelor degree in business administration from Northeast Missouri State University in May 1994. He also obtained a master degree in business administration from the University of Hong Kong in December 1999. Mr. Niu has over 12 years of experience in the corporate finance industry. He is currently an executive director of Vision Finance International Company Limited. Mr. Niu has also been an executive director of ASR Logistics Holdings Limited (stock code: 1803), a company listed on the Main Board of the Stock Exchange since 23 April 2015.

Mr. Cheung Ying Kwan, aged 58, has been appointed as an independent non-executive Director since 3 February 2016. He has over 23 years of experience in financial management. Mr. Cheung is currently the company secretary of China Metal Resources Utilization Limited (stock code: 1636), a company listed on the Main Board of the Stock Exchange. From March 2006 to August 2013, Mr. Cheung was the financial controller of Gushan Environmental Energy Limited, the American depository shares of which were listed on the New York Stock Exchange from December 2007 to October 2012. From April 2001 to March 2006, Mr. Cheung also served as the qualified accountant and company secretary of Goldigit Atom-tech Holdings Limited (now known as Jinchuan Group International Resources Co. Ltd. (stock code: 2362)), a company listed on the Main Board of the Stock Exchange, and as the authorised representative of that company from December 2002 to March 2006. From November 2005 to May 2013 and March 2015 to March 2018, Mr. Cheung was an independent non-executive director of Auto Italia Holdings Limited (stock code: 0720) and Beijing Chunlizhengda Medical Instruments Co., Ltd. (stock code: 1858), respectively, companies listed on the Main Board of the Stock Exchange. Mr. Cheung has been an independent non-executive director of Tian Shan Development (Holding) Limited (stock code: 2118), a company listed on the Main Board of the Stock Exchange, since June 2010, China Wan Tong Yuan (Holdings) Limited (stock code: 8199) and ZACD Group Limited (stock code: 8313), companies listed on the GEM of the Stock Exchange, since September 2017 and December 2017 respectively. Mr. Cheung was admitted as a fellow member of the Association of Chartered Certified Accountants in November 2000 and an associate member of the Hong Kong Institute of Certified Public Accountants in April 1995. Mr. Cheung obtained a diploma in fabric manufacturing from the Hong Kong Polytechnic in September 1981.

Mr. Chen Zhao, aged 45, has been appointed as an independent non-executive Director since 3 February 2016. He obtained his bachelor of arts degree in economics and doctor of philosophy degree in economics, both from Fudan University in 1996 and 2001 respectively. Since November 2007, Mr. Chen has been a professor in Fudan University and he is also the deputy director of China Center for Economic Studies in Fudan University.

FINANCIAL CONTROLLER AND COMPANY SECRETARY

Mr. Wong Kam Ting is an executive Director, the company secretary, financial controller, authorised representative and process agent of the Company. Details of Mr. Wong's biography are set out in the paragraph headed "Executive Directors" in this section of this report.

* *For identification purpose only*

The Company is committed to maintain high standards of corporate governance to protect the interests of its shareholders and to enhance corporate value and accountability.

The Company has adopted the requirements of the code provisions of the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Save as disclosed in this report, the Group has complied with all the applicable code provisions under the Corporate Governance Code during the Reporting Period. Key corporate governance principles and practices of the Company are summarised below.

BOARD

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Board comprises three executive Directors and three independent non-executive Directors ("INEDs") during the Reporting Period and up to the date of this report. The number of INEDs represents more than one-third of the Board. As such, there exists a strong independent element in the Board, which can effectively exercise independent judgement. The Company has also complied with Rule 3.10(2) of the Listing Rules which stipulates that one of the INEDs must possess appropriate professional qualification or accounting or related financial management expertise. In compliance with the Corporate Governance Code, the INEDs are expressly identified in all corporate communications that disclose the names of the Directors.

The Company has received from each of its INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all INEDs to be independent under the Listing Rules. Save as disclosed in the section headed "Biographical Details of Directors and Senior Management" in this report, there is no financial, business, family or other material/relevant relationship among the members of the Board.

The Board currently comprises six members, as detailed below:

Executive Directors	**Independent Non-Executive Directors**
Mr. Wei Jie *(Chairman and Chief Executive Officer)*	Mr. Niu Zhongjie
Ms. Xu Li Yun	Mr. Cheung Ying Kwan
Mr. Wong Kam Ting	Mr. Chen Zhao

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

Two executive Directors, namely Mr. Wei Jie and Ms. Xu Li Yun, are cousins.

BOARD RESPONSIBILITIES AND DELEGATION

The Board is responsible for the overall leadership of the Group, overseeing strategic decisions and monitoring business and performance of the Group. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its shareholders at all times.

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the Corporate Governance Code.

During the Reporting Period, the Board monitored the Company's corporate governance policies and practices, the training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules and the written guidelines governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The code provision A.2.1 of the Corporate Governance Code requires that the roles of chairman and chief executive officer should be separate and not be performed by the same individual.

Mr. Wei Jie was appointed as chairman and chief executive officer of the Company since 16 February 2016. This constitutes a deviation from the code provision A.2.1 of the Corporate Governance Code. The Board considers that the said structure will not impair the balance of power and authority between the Board and the management of the business especially given that (i) the leadership of the Board is distinct from the executive responsibilities of running the business operations; (ii) there is a strong and independent non-executive element in the Board; and (iii) there is a clear division of responsibilities for running the business of the Company. Further, the said structure helps to maintain the continuity of the Company's policies and the stability of the Company's operation as well as to enhance the management of the Company.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Newly appointed Directors are provided with necessary induction and information to ensure that they have a proper understanding of the Company's business and operations, as well as awareness of Director's responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Pursuant to code provision A.6.5 of the Corporate Governance Code, the Directors should participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant. The Directors are committed to participating in appropriate continuous professional development activities by way of attending training or reading materials relevant to the Company's business or to the Directors' duties and responsibilities. During the Reporting Period, the Directors have been provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. The Directors are also briefed on the latest development and changes in the Listing Rules and other relevant regulatory requirements from time to time. All Directors are encouraged to participate in continuous professional development programmes to develop and refresh their professional knowledge and skills. All the existing Directors confirmed that they have had suitable directors' training through attendance of training courses and seminars; or reading materials to refresh their knowledge and skills during the Reporting Period.

A summary of continuous professional development of each Director participated in during the Reporting Period, according to the records provided, is set out below:

Name of Directors	Attending internal briefings or trainings, participating seminars or reviewing materials
Executive Directors	
Mr. Wei Jie *(Chairman)*	√
Ms. Xu Li Yun	√
Mr. Wong Kam Ting	√
Independent non-executive Directors	
Mr. Niu Zhongjie	√
Mr. Cheung Ying Kwan	√
Mr. Chen Zhao	√

All the Directors attended a training session conducted by the Company's legal advisers relating to directors' duties and responsibilities under the Hong Kong Companies Ordinance (Cap. 622), the Listing Rules and other applicable laws and regulations.

APPOINTMENTS, RE-ELECTION AND REMOVAL

For executive Directors, Mr. Wei Jie and Ms. Xu Li Yun, and all INEDs who served their terms of office during the Reporting Period, they have entered into service contracts with the Company for a term of three years, respectively, commencing on 3 February 2016, and should continue thereafter unless and until terminated by either party by giving to the other not less than three months' notice in writing.

For executive Director, Mr. Wong Kam Ting, who served his term of office during the Reporting Period, he has entered into a service contract with the Company for a term of three years commencing on 19 September 2016, and should continue thereafter unless and until terminated by either party by giving to the other not less than three months' notice in writing.

Their terms of office were also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company (the "Articles").

Under the Articles, one-third of the Directors, must retire and be eligible for re-election at each annual general meeting. The Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as additional Director. Any Director so appointed shall be subject to retirement by rotation.

In accordance with article 108 of the Articles, one-third of the existing Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Pursuant to article 112 of the Articles and the code provision A.4.2 of the Corporate Governance Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Therefore, Ms. Xu Li Yun and Mr. Cheung Ying Kwan will retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

BOARD AND GENERAL MEETINGS

Under the code provision A.1.1 of the Corporate Governance Code, the Board should meet regularly and should meet at least four times a year at approximately quarterly intervals. From 1 April 2017 up to the date of this report four Board meetings were held to consider and review, among other things, the financial statements for the six months ended 30 September 2017 and for the Reporting Period and matters concerning corporate governance and management with attendance of individual members as set out below:

Attendance	Board Meetings Attendance	Annual General Meeting Attendance
Mr. Wei Jie	3/4	—
Ms. Xu Li Yun	4/4	—
Mr. Wong Kam Ting	4/4	1/1
Mr. Niu Zhongjie	4/4	1/1
Mr. Cheung Ying Kwan	4/4	1/1
Mr. Chen Zhao	4/4	1/1

The Directors at all times have full and timely access to information of the Group. There is a procedure for Directors to seek independent professional advice whenever deemed necessary by them at the expense of the Company, as appropriate. Directors receive at least 14 days prior written notice of a regular meeting and may propose matters for discussion to be included in the agenda. The Directors who were unable to attend the 2017 annual general meeting of the Company (the "2017 Annual General Meeting") were due to other commitment and Mr. Wei, the Chairman, appointed Mr. Wong Kam Ting, an executive Director, to act as his representative at the 2017 Annual General Meeting and to take the chair of the 2017 Annual General Meeting and to ensure that proceedings of the meeting would be conducted in order. All INEDs attended the 2017 Annual General Meeting in accordance with code provision A.6.7 of the Corporate Governance Code. The Board considers that a sufficient number of Director was present to represent the Board at the 2017 Annual General Meeting. The minutes of Board meetings are prepared by the company secretary with details of the decisions reached, any concerns raised and dissenting views expressed. The draft minutes are sent to all Directors within a reasonable time after each meeting for their comments before being formally signed. Copies of the final version of the Board minutes are sent to Directors for their information and records. The signed minutes are kept in safe custody by company secretary and are available for inspection by the Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code as its code of conduct regarding securities transactions by the Directors.

After a specific enquiry by the Group, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code throughout the Reporting Period and up to the date of this report.

COMPLIANCE WITH THE WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

In case where the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

BOARD COMMITTEES

The Board has established a number of functional committees with specific written terms of reference which deal clearly with the committee's authority and duties and require the committees to report back on their decisions or recommendations. The written terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

AUDIT COMMITTEE

As at the date of this report, members of the audit committee of the Company (the "Audit Committee") comprise Mr. Cheung Ying Kwan (chairman), Mr. Niu Zhongjie and Mr. Chen Zhao, all being INEDs. With reference to the terms of reference, the primarily responsibilities of the Audit Committee are, among others,

1. to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor;

2. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

3. to develop and implement policy on engaging the external auditor to supply non-audit services;

4. to monitor integrity of the Company's financial statements, and accounts, half-year report and review significant financial reporting judgments contained in them;

5. to review the Company's financial controls, internal control and risk management systems;

6. to review the Group's financial and accounting policies and practices;

7. to review the external auditor's management letter and management's response;

8. to act as the key representative body for overseeing the Company's relations with the external auditor; and

9. to review procedures for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters.

During the Reporting Period and up to the date of this report, the Audit Committee reviewed with the management the Group's unaudited interim results for the six months ended 30 September 2017 and the audited annual results for the financial year ended 31 March 2018, and discussed internal controls and financial reporting matters. The Audit Committee also reviewed this report, and confirmed that this report complies with the applicable standard, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditor. The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

During the Reporting Period and up to the date of this report, two meetings of the Audit Committee were held with attendance of individual members as set out below:

Attendance	**From 1 April 2017 to date of this report**
Mr. Cheung Ying Kwan *(Chairman)*	2/2
Mr. Niu Zhongjie	2/2
Mr. Chen Zhao	2/2

REMUNERATION COMMITTEE

As at the date of this report, members of the remuneration committee of the Company (the "Remuneration Committee") comprise Mr. Niu Zhongjie (chairman), Mr. Wei Jie and Mr. Cheung Ying Kwan, with a majority of the members being INEDs.

With reference to the terms of reference, the primarily responsibilities of the Remuneration Committee include, among others:

1. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to make recommendations to the Board, on the remuneration packages of individual executive Directors and senior management;

3. to make recommendations to the Board on the remuneration of INEDs;

4. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and

5. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The Board is of the view that the Remuneration Committee has properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

From the Reporting Period and up to the date of this report, one meeting of the Remuneration Committee was held to review the remuneration policy, the remuneration packages of Directors and senior management and the annual bonus policy and to assess the performance of the Directors and senior management. The attendance of individual members is set out below:

Attendance	**From 1 April 2017 to date of this report**
Mr. Niu Zhongjie *(Chairman)*	1/1
Mr. Wei Jie	1/1
Mr. Cheung Ying Kwan	1/1

Pursuant to the code provision B.1.5 of the Corporate Governance Code, the annual remuneration (including bonus) of the members of the senior management of the Group by band for the Reporting Period is set out below:

Remuneration Band	**Number of Senior Management**
HK$1,000,001 to HK$1,500,000	2
HK$3,000,001 to HK$3,500,000	1
HK$4,500,001 to HK$5,000,000	1
HK$7,500,001 to HK$8,000,000	1

NOMINATION COMMITTEE

As at the date of this report, members of the nomination committee of the Company (the "Nomination Committee") comprise Mr. Wei Jie (chairman), Mr. Niu Zhongjie and Mr. Chen Zhao, with a majority of members being INEDs.

With reference to the terms of reference, the primary responsibilities of the Nomination Committee include:

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

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and

4. to assess the independence of INEDs.

According to the terms of reference, the Nomination Committee is also responsible for reviewing the board diversity policy, developing and reviewing measurable objectives for implementing the policy, and monitoring the progress on achieving these objectives so as to ensure the continued effectiveness of the Board.

New Directors recommended by the Nomination Committee will be assessed by taking into account criteria such as experience, balance of skills and diversity of perspectives appropriate to the requirements of the business of the Company when considering new Directors appointments.

The Board shall then make recommendations to the Company's shareholders on Directors standing for re-election, providing sufficient biographical details of such Directors to enable shareholders of the Company to make an informed decision on the re-election, and where applicable, nominating appropriate persons to fill causal vacancies or as additions to the Board.

Pursuant to the code provision A.5.6 of the Corporate Governance Code, the Company has adopted a board diversity policy. The Company believes that the diversification of the Board is beneficial for enhancing the performance of the Company. The Company has adopted the board diversity policy pursuant to which that in designing the Board's composition, board diversity shall be considered from a number of aspects, including but not limited to age, cultural and educational background, professional experience, skills and knowledge. All appointments by the Board will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board is of the view that the Nomination Committee has properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

From the Reporting Period and up to the date of this report, one meeting of the Nomination Committee was held to review the size, composition and diversity of the Board, the policy for nomination of Directors and the procedures, process and criteria to select and recommend candidates for directorship. The attendance of individual members in the meeting is set out below:

Attendance	**From 1 April 2017 to date of this report**
Mr. Wei Jie *(Chairman)*	1/1
Mr. Niu Zhongjie	1/1
Mr. Chen Zhao	1/1

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties set out in code provision D.3.1 of the Corporate Governance Code, namely:

1. to develop and review the Company's policies and practices on corporate governance;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (including in relation to securities trading) applicable to employees and Directors; and

5. to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report in the Company's annual report.

AUDITOR'S REMUNERATION

During the Reporting Period, the remuneration paid and payable to the Company's external auditor, Ernst & Young, is set out below:

	HK$'000
Audit service	1,925
Non-audit services:	
Taxation and other services	392

COMPANY SECRETARY

Mr. Wong Kam Ting was appointed as, among others, the financial controller and company secretary of the Company since 4 March 2016. In the opinion of the Board, Mr. Wong possesses the necessary qualifications and experience, and is capable of performing the functions of a company secretary. Mr. Wong is the secretary of the Board and various Board committees including the Audit Committee, Remuneration Committee and Nomination Committee.

During the Reporting Period, Mr. Wong has complied with rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from risk exposure arising from the business of the Group.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the audited consolidated financial statements and to ensure that the audited consolidated financial statements of the Group are prepared to reflect the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provision required of the Listing Rules. The Directors are of the view that the audited consolidated financial statements of the Group for the Reporting Period have been prepared on this basis.

To the best knowledge of the Directors, there is no uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Statement of the Company's external auditor's responsibilities for the audit of the consolidated financial statements is set out in the Independent Auditor's Report of this report.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely disclosure of information, which will enable shareholders and investors to make informed investment decisions. The channels via which the Company communicates with its shareholders include interim and annual reports, information on the websites of the Stock Exchange and the Company, annual general meeting and other general meeting(s) that may be convened.

The annual general meeting of the Company provides an opportunity for shareholders to communicate directly with the Directors. The chairman of the Board and the chairmen of the Board committees will attend the annual general meeting to answer questions about the conduct of the audit, the preparation and contents of the Auditor's report, the accounting policies and auditor independence.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for maintaining and reviewing the effectiveness of system of internal controls and risk management within the Group. The system is set up to address key business risks of failure to meet corporate objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The purpose of such system is to manage and control risks properly, but not eliminate it. The Board has through the Audit Committee reviewed the effectiveness of the Group's system of internal controls and risk management, including financial, operational and compliance controls on annual basis. The Board considered the system is effective and adequate and were not aware of any material internal control defects. The review has also considered the adequacy of resources, qualifications and experience of staff in respect of the Company's accounting and financial reporting function, and their training programmes and budget. The Board is of the view that the existing resources, qualifications and experience of staff and their training programmes and budget are adequate in respect of the Group's accounting and financial reporting function.

In view of the size, nature and complexity of the business of the Group, the Board has appointed external independent professionals to perform internal audit functions. As approved by the Audit Committee, the external independent professionals made assessment on various business and operation risks of the Group. The Audit Committee reviewed the findings from the external independent professionals periodically and discussed the recommended actions needed to be taken to develop and improve the effectiveness of the Group's internal control system. The Board will continue to improve the Group's internal control and risk management systems through periodic reviews and recommendations from the external auditor and external independent professionals during their audit.

Regarding the procedures and internal control for the handling and dissemination of inside information, the Company is aware of its disclosure obligations under the Listing Rules and Part XIVA of the Securities and Futures Ordinance ("Inside Information Provisions"), and any information required to be disclosed under Rule 13.09 of the Listing Rules or any inside information required to be disclosed under the Inside Information Provisions would be announced immediately.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed for each substantial issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Stock Exchange and the Company after each general meeting.

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Shareholders who wish to put enquiries to the Board can send their enquiries to the company secretary of the Company at the principal place of business of the Company in Hong Kong who will ensure these enquiries to be properly directed to the Board. The Company will not normally deal with verbal or anonymous enquiries. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

CONVENING AN EXTRAORDINARY GENERAL MEETING BY SHAREHOLDERS

Pursuant to article 64 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There is no provision allowing shareholders of the Company to move new resolutions at general meetings under the Cayman Islands Companies Law or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, no changes have been made to the constitutional documents of the Company. The existing Articles have been adopted pursuant to a special resolution passed by the Company's sole shareholder on 22 September 2014 in preparation for the Listing. On 21 December 2016, the Company has subdivided the Company's shares and increased its authorised share capital in accordance with this Articles. The latest version of the Articles is available on the websites of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of corporate management services. During the Reporting Period, the Company's principal subsidiaries were engaged in the following activities:

- Investment and asset management service in the PRC
- Property investment and development in the PRC
- Building services in Hong Kong

BUSINESS REVIEW

A review of the business of the Group during the Reporting Period including an indication of likely future developments in the Group's business are provided in the "Chairman's Statement" and "Management Discussion and Analysis" in this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group continues to face significant risks and uncertainties from the economic growth and the competition in the market that the Group operates, and changes in economic, political and social conditions and changes in the relevant laws and regulations in the places that the Group operates.

The Group is also exposed to currency risk as the Group's assets and liabilities are mainly denominated in HK$, Euro and RMB and the Group primarily earns its revenue and income in HK$ and RMB while the Group primarily incurs costs and expenses mainly in HK$ and RMB.

RESULTS

The Group's profit for the Reporting Period and the Group's financial position as at 31 March 2018 are set out in the audited financial statements on pages 50 to 132 of this report.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period (2017: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the annual general meeting to be held on 14 September 2018, Friday, the register of members of the Company will be closed from 11 September 2018, Tuesday to 14 September 2018, Friday (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 10 September 2018.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years ended 31 March 2018 is set out on page 4 of this report.

CONSULTING PROFESSIONAL TAX ADVISERS

The Company's shareholders are recommended to consult professional advisers if they are in any doubt as to the tax implications of purchasing, holding, disposing of, dealing in or the exercise of any rights in relation to the Company's shares.

PENSION SCHEME

Particulars of the pension scheme operated by the Group are set out under "Employee benefits" in note 2.4 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2018 are set out in note 1 to the financial statements.

SHARE CAPITAL

The Company's total issued share capital as at 31 March 2018 was 4,000,000,000 ordinary shares of HK$0.001 each. Details of movements in the share capital of the Company during the Reporting Period are set out in note 28 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and there was no restriction against such rights under the laws of Cayman Islands.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

DISTRIBUTABLE RESERVES

Details of the reserves of the Group are set out in note 29 to the financial statements.

As of 31 March 2018, the reserve of the Company available for distribution was approximately HK$217,201,000 (2017: HK$214,096,000) inclusive of share premium and retained earnings.

CHARITABLE CONTRIBUTIONS

During the Reporting Period, the Group made charitable contributions amounted to approximately HK$1,610,000 (2017: HK$10,000).

SHARE OPTION SCHEME

Particulars of the share option scheme (the "Scheme") which was adopted on 22 September 2014 is set out in note 31 to the financial statements.

The maximum number of shares of the Company in respect of which options may be granted under the Scheme was 400,000,000, representing approximately 10% of the issued share capital of the Company as of the date of this report.

The Scheme shall be valid and effective for a period of ten years commencing on 22 September 2014, being the date of adoption of the Scheme by the Board.

5,000,000 share options were granted on 17 February 2017 and the followings are details of the options granted (the "Granted Options") pursuant to the Share Option Scheme but not yet exercised as at 31 March 2018:

Grantee	Date of grant	No. of share options outstanding as at 1 April 2017	Exercise Price HK$*	Price of Company's shares at grant date of options HK$**	Number of options granted/ cancelled/lapsed/ exercised during the year ended 31 March 2018	Number of options outstanding as at 31 March 2018	Exercise period
Executive Directors							
Wei Jie	17 February 2017	2,500,000	2.0	1.29	—	2,500,000	17 February 2017 to 16 February 2027
Xu Li Yun	17 February 2017	2,500,000	2.0	1.29	—	2,500,000	17 February 2017 to 16 February 2027
Total		5,000,000	—		—	5,000,000	

* The exercise price is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options.

CONVERTIBLE BONDS

Details of movements in the Company's convertible bonds during the Reporting Period are set out in note 26 to the financial statements.

Details of the convertible bond agreements entered into during the year are set out below:

On 12 June 2017 (the "Issue Date"), the Company issued the Convertible Bonds in the principal amount of US$7,330,000 which bear interest at 6% per annum and is payable half-yearly in arrears on 12 December and 12 June. The Convertible Bonds mature on the date ending on 24 months from the date of the Issue Date (the "Maturity Date") and are convertible at the option of the bondholders into ordinary shares of the Company at any time after one year of the Issue Date and ending on 10 business days immediately preceding the Maturity Date at an initial conversion price of HK$1.5 per share. The Company may early redeem the Convertible Bonds on or at any time after 6 months from the Issue Date but prior to the Maturity Date at 100% of the outstanding principal amount of the Convertible Bonds plus accrued and unpaid interest.

On 9 February 2018, the Group entered into a supplemental agreement to modify the principal amount of convertible bonds (the "Modified Convertible Bonds") from US$7,330,000 to HK$56,808,000 and certain anti-dilutive clauses. The modification was completed on the same date of the supplemental agreement. Upon modification, the Modified Convertible Bonds contain two components: liability component and equity component. The liability component was carried at amortised cost using effective interest method. The residual amount is assigned as the equity component and is included in reserve. The effective interest rate of the liability component upon modification was 8.48%.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors

Mr. Wei Jie *(Chairman and Chief Executive Officer)*
Ms. Xu Li Yun
Mr. Wong Kam Ting

Independent Non-executive Directors

Mr. Niu Zhongjie
Mr. Cheung Ying Kwan
Mr. Chen Zhao

In accordance with article 108 of the Articles, one-third of the existing Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Pursuant to article 112 of the Articles and the code provision A.4.2 of the Corporate Governance Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Therefore, Ms. Xu Li Yan and Mr. Cheung Ying Kwan will retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

Information regarding Directors' emoluments is set out in note 8 to the financial statements.

An annual confirmation of independence pursuant to rule 3.13 of the Listing Rules has been received from each of the INEDs.

DIRECTORS' SERVICE CONTRACTS

Executive Directors, Mr. Wei Jie and Ms. Xu Li Yun, have entered into service contracts with the Company for a term of three years commencing from 3 February 2016, which may be terminated earlier by no less than three months written notice served by either party on the other.

Executive Director, Mr. Wong Kam Ting, has entered into a service contract with the Company for a term of three years commencing from 3 February 2016, which may be terminated earlier by no less than three months written notice served by either party on the other.

All existing executive Directors are also subject to retirement and re-election at annual general meeting of the Company in accordance with the Articles.

Each of the INEDs has entered into a service contract with the Company for a term of three years with effect from 3 February 2016. Their appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 8 and 9 to the financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 March 2018, the interests and short positions of the Directors and chief executive in shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required to be recorded in the register required to be kept under Section 352 of the SFO; or which would otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in shares underlying share or debentures of the Company

Director	Name of corporation	Capacity and nature of interests	Number of ordinary shares held	Number of underlying ordinary shares of HK$0.001 each in the Company (Options (*Note 2*))	Total	Approximately % of issued share capital
Mr. Wei Jie	The Company	Interest in a controlled corporation	3,000,000,000 (*Note 1*)	2,500,000	3,002,500,000	75.06% (*Note 3*)
Ms. Xu Li Yun	The Company	Direct beneficial interest	0	2,500,000	2,500,000	0.06%

Notes:

1. Out of the 3,000,000,000 ordinary shares, 2,200,000,000 ordinary shares were held by Gold-Finance (Hong Kong) Asset Management Limited ("Gold-Finance (HK)"), which is wholly-owned by Gold-Finance Industrial Group Co., Limited ("Gold-Finance Industrial") and in turn wholly-owned by 浙江金誠資產管理有限公司 (Zhejiang Jin Cheng Asset Management Company Limited#) ("Zhejiang Jin Cheng"). Zhejiang Jin Cheng is wholly-owned by 新余金誠實業集團有限公司 (Xin Yu Jin Cheng Industrial Group Limited#) ("Xin Yu Jin Cheng"), which is approximately 95.78% controlled by Mr. Wei Jie. The remaining 800,000,000 ordinary shares were held by Gold-Finance (Holdings) Group Co. Limited ("Gold-Finance (Holdings)"), which is 45.51% owned by Hengyuan Holdings Group Co. Ltd. ("Hengyuan Holdings"). Hengyuan Holdings is wholly-owned by Mr. Wei Jie. Therefore, Mr. Wei Jie is deemed to be interested in the 3,000,000,000 ordinary shares.

2. The options were granted on 17 February 2017 under the Scheme. The options could be exercised from the date of the grant to 16 February 2027 in accordance with the rules of the Scheme to subscribe for ordinary shares of HK$0.001 each in the Company at an initial exercise price of HK$2.0 per share. None of the options were exercised by any of the Directors during the Reporting Period. Please refer to note 31 to the financial statements for further particulars of the Scheme.

3. Pursuant to the conditions of the grant of the options, no options shall be exercised if as a result of which the aggregate holding of the Company's shares by Mr. Wei Jie and his associates (as defined in the Listing Rules) may cause the Company failing to maintain the minimum public float as stipulated by the Listing Rules.

The English names of the companies are for identification purposes only as they have not registered any official English names.

Interests in shares, underlying shares and debentures of the associated corporations of the Company

Director	Name of associated corporation	Capacity and nature of interest	Number of share(s)/ registered capital held	Approximately % of issued share capital
Mr. Wei Jie	Gold-Finance (HK)	Interest in a controlled corporation	10,000 *(Note)*	100%
Mr. Wei Jie	Gold-Finance Industrial	Interest in a controlled corporation	10,000 *(Note)*	100%
Mr. Wei Jie	Zhejiang Jin Cheng	Interest in a controlled corporation	RMB50,000,000 *(Note)*	100%
Mr. Wei Jie	Xin Yu Jin Cheng	Direct beneficial interest	RMB3,000,000,000 *(Note)*	95.78%
Ms. Xu Li Yun	Xin Yu Jin Cheng	Direct beneficial interest	RMB3,000,000,000	0.03%

Note: Out of the 3,000,000,000 ordinary shares, 2,200,000,000 ordinary shares were held by Gold-Finance (HK), which is wholly-owned by Gold-Finance Industrial and in turn wholly owned by Zhejiang Jin Cheng. Zhejiang Jin Cheng is wholly-owned by Xin Yu Jin Cheng, which is approximately 95.78% controlled by Mr. Wei Jie. The remaining 800,000,000 ordinary shares were held by Gold-Finance (Holdings), which is 45.51% owned by Hengyuan Holdings. Hengyuan Holdings is wholly-owned by Mr. Wei Jie and therefore, Mr. Wei Jie is deemed to be interested in the 3,000,000,000 ordinary shares.

Save as disclosed above, as at 31 March 2018, none of the Directors or chief executive of the Company or any of their spouses or children under 18 years of age had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2018, to the best of the Directors' knowledge, the interests and short positions of the person (other than the Directors or chief executive of the Company) or company in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in shares and underlying shares of the Company

Name of shareholders	Capacity and nature of interests	Number of ordinary shares held	% of issued share capital
Gold-Finance (HK)	Beneficial owner	2,200,000,000	55%
Gold-Finance Industrial *(note 1)*	Interest in a controlled corporation	2,200,000,000	55%
Zhejiang Jin Cheng *(note 1)*	Interest in a controlled corporation	2,200,000,000	55%
Xin Yu Jin Cheng *(note 2)*	Interest in a controlled corporation	2,200,000,000	55%
Gold-Finance (Holdings)	Beneficial owner	800,000,000	20%
Hengyuan Holdings *(note 3)*	Interest in a controlled corporation	800,000,000	20%

Notes:

1. Gold-Finance (HK) is owned as to 100% by Gold-Finance Industrial, which in turn is wholly-owned by Zhejiang Jin Cheng. Zhejiang Jin Cheng is wholly-owned by Xin Yu Jin Cheng. As at the date of this report, (i) Mr. Wei Jie, a Director, is a director of Gold-Finance (HK) and Gold-Finance Industrial and (ii) Ms. Xu Li Yun, a Director, is a director of Zhejiang Jin Cheng and Xin Yu Jin Cheng.

2. Xin Yu Jin Cheng is controlled as to approximately 95.78% by Mr. Wei Jie, who is deemed to be interested in the 2,200,000,000 shares owned by Gold-Finance (HK) by virtue of the SFO.

3. Gold-Finance (Holdings) is owned as to 45.51% by Hengyuan Holdings, which in turn is wholly-owned by Mr. Wei Jie, who is deemed to be interested in the 800,000,000 shares owned by Gold-Finance (Holdings) by virtue of the SFO. As at the date of this report, (i) Mr. Wei Jie, a Director, is a director of Gold-Finance (Holdings) and Hengyuan Holdings; and (ii) Ms. Xu Li Yun, a Director, is a director of Gold-Finance (Holdings).

Save as disclosed above, as at 31 March 2018, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests in Shares" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's costs and revenue attributable to major suppliers and customers are as follows:

a. Percentage of costs attributable to the:

—	Largest supplier	67.80%
—	Five largest suppliers	96.40%

b. Percentage of revenue attributable to the:

—	Largest customer	25.39%
—	Five largest customers	70.64%

Save as disclosed under the section "Continuing Connected Transactions" in this report below, none of the Directors or any of their associate or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers and customers.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as the related party transactions disclosed in note 38 to the financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party and in which a Director had a material interests directly or indirectly subsisted at the end of the Reporting Period or at any time during the Reporting Period.

There is no contract of significance to the business of the Group between the Company, or any of its subsidiaries, or a controlling shareholder of the Company or any of its subsidiaries, to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, during the Reporting Period. During the Reporting Period, no contract of significance for the provision of services to the Group by a controlling shareholder of the Company or any of its subsidiaries was made.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Group were entered into or existed during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the usual course of business are set out in note 38 to the financial statements.

CONTINUING CONNECTED TRANSACTIONS

In accordance with the reporting and announcement requirements under Chapter 14A of the Listing Rules, the Group had entered into the following non-exempt continuing connected transactions:

Connected persons	Notes	Duration of agreement	Date of agreement	Nature and purpose of transactions
浙江金觀誠財富管理有限公司 Zhejiang Jin Guan Cheng Asset Management Company Limited* ("Jin Guan Cheng")	a	33 months from 1 July 2017	20 June 2017	To provide sales and customers services to 杭州金開圓觀投資管理有限公司 Hangzhou Jin Kai Yuan Guan Investment Management Company Limited* ("Jin Kai Yuan Guan") and its subsidiaries

Note:

(a) Jin Guan Cheng is a connected person of the Company by virtue of it being beneficially held and under the control of Mr. Wei Jie.

On 20 June 2017, Jin Kai Yuan Guan entered into a contract framework agreement with Jin Guan Cheng (the "Jin Guan Cheng Contract Framework Agreement") in relation to the provision of sales and customer services by Jin Guan Cheng to Jin Kai Yuan Guan and its subsidiaries for a term of 33 months commencing from 1 July 2017 and ending on 31 March 2020. The maximum amount of services fees payable to Jin Guan Cheng under the Jin Guan Cheng Contract Framework Agreement shall not exceed the annual caps of RMB28.6 million (equivalent to approximately HK$32.9 million), RMB62.1 million (equivalent to approximately HK$71.4 million) and RMB65.5 million (equivalent to approximately HK$75.4 million) for the nine months ending 31 March 2018 and the years ending 31 March 2019 and 2020, respectively. Details of the Jin Kai Yuan Guan Contract Framework Agreement are set out in the circular of the Company dated 11 August 2017.

During the Reporting Period, the service fees paid to Jin Guan Cheng amounted to approximately HK$19.0 million, which did not exceed the relevant annual cap for the same period.

The INEDs have reviewed the continuing connected transactions mentioned above and have confirmed that the continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *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. Ernst & Young have issued their unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Wei Jie and Ms. Xu Li Yun have interests in the following businesses which are considered to compete or likely to compete, either directly or indirectly, with the business of the Group other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group:

Name of entity which are considered to compete or likely to compete with the business of the Group	Description of business	Shareholding of Mr. Wei Jie (including indirect interests)	Shareholding of Ms. Xu Li Yun (including indirect interests)
Jin Guan Cheng	Sale of funds and financial products and wealth management	100%	—
杭州觀復投資管理合夥企業(有限合夥) (Hangzhou Guanfu Investment Management Partnership (Limited Partnership)*)	Investment management	100%	—
杭州金轉源投資管理合夥企業(有限合夥) (Hangzhou Jin Zhuan Yuan Investment Management Partnership (Limited Partnership)*) ("Hangzhou Jin Zhuan Yuan")	Investment management	47.62%	52.38%
新余觀復投資管理有限公司 (Xinyu Guanfu Investment Management Co., Ltd.*)	Enterprise investment management and asset management	100%	—
Zhejiang Jin Cheng *(Note 1)*	Investment and asset management and investment consultation	97.37%	2.63%
浙江誠澤金開投資管理有限公司 (Zhejiang Chengze Jinkai Investment Management Co., Ltd.*)	Investment management and investment consultation	100%	—

Note:

1. Zhejiang Jin Cheng is a substantial shareholder through its interests in Gold-Finance (Hong Kong) Asset Management Limited, which directly holds 2,200,000,000 shares, representing 55% of the issued share capital of the Company.

The Directors consider that the Board can operate independently of and at arm's length from the businesses of these entities because (i) pursuant to the Articles, a Director shall not vote on any board resolutions approving any contract or arrangement or any other proposal in which such Director or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting; (ii) the Directors are fully aware of their fiduciary duties owing to the shareholders of the respective companies and their duty to avoid conflicts to the shareholders of the respective companies and their duty to avoid conflicts of interests in carrying out their respective duties as directors of the relevant companies; (iii) other than Mr. Wei Jie and Ms. Xu Li Yun, there is no overlap in the directorships among the Company and these companies; and (iv) Mr. Wei Jie has entered into an undertaking which undertakes to the Company that (a) if he and/or his close associates (other than the Group) is given or offered any new business opportunity which competes with the restricted activity (restricted activity refers to the creation and operation of PRC private funds for the purpose of financing infrastructure projects of the PRC government and state-owned enterprises) (the "Business Opportunity"), he shall and shall procure his close associates to refer the Business Opportunity to the Company as soon as practicable by way of a written notice (the "Offer Notice") containing all information reasonably necessary for the Company to consider whether the Business Opportunity would constitute competition with the restricted activity and is in the interests of the Company and the shareholders of the Company as a whole to pursue the Business Opportunity; and (b) he and/or his close associates (other than the Group) shall only be entitled to take up the Business Opportunity if an independent board committee comprising of the independent non-executive Directors declines the Business Opportunity by written notice (the "Decline Notice") or Mr. Wei Jie or his close associates has not received the Decline Notice from the Company within 30 days from the receipt of the Offer Notice.

Save as disclosed above, the Directors are not aware of any business and interest of the Directors nor any of their respective close associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

With an aim to enhance the management of environmental, social and governance ("ESG") risks and make it part of the Company's strategies of development and ordinary operation, the Company has been establishing its ESG management system gradually through the communication with its stakeholders, risks identification, the development of countermeasures as well as daily management and control in order to enhance its ESG management.

As governmental authorities, shareholders and potential investors, customers, employees, suppliers and the social community have been considered as our significant stakeholders, the Company has been seriously dealing with its stakeholders' requests via timely communication and the provision of proper response and countermeasures during its course of business.

During the Reporting Period, the Company communicated with various stakeholders in respect of its ESG issues and seriously considered their expectations and requests in this regard, which provides the basis for our ESG report for the Reporting Period. For further information in relation to the ESG performance of the Company during the Reporting Period, please refer to the upcoming independent ESG report, which will be released shortly and posted on the website of the Stock Exchange and the Company for inspection and download.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group maintains stable and good relationships with its employees, suppliers and customers. The number of employees of the Group remains fairly constant and the turnover rate is relatively low throughout the Reporting Period.

For the Reporting Period, the Group has not encountered any labour dispute. The Group treasures its relationship with suppliers and customers as strong relationship with suppliers and customers are crucial to the sustainability of the Group. Therefore, the Group keeps close contacts with its suppliers and customers through various means, including company visits, telephone calls and emails.

COMPLIANCE WITH RELATED LAW AND REGULATIONS

As far as the Board and management are aware, the Group has complied with all related laws and regulations in all material aspects which may have significant impact on the operation of the Group.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities. The permitted indemnity provision is currently in force and was in force throughout the Reporting Period in accordance with section 469 of the Companies Ordinance.

EQUITY-LINKED AGREEMENTS

For the Reporting Period, save for the Scheme previously mentioned, the Company has not entered into the equity-linked agreements, and there did not subsist any equity-linked agreement entered into by the Company as at 31 March 2018.

CORPORATE GOVERNANCE CODE

Throughout the Reporting Period, save as disclosed in this report, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code.

For the details of the Company's corporate governance practices, please refer to the section headed "Corporate Governance Report" in this report.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information available in the public domain concerning the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the Reporting Period are set out in note 41 to the financial statements.

AUDITOR

Ernst & Young shall retire in the forthcoming annual general meeting, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young will be proposed at the forthcoming annual general meeting. The Company has not changed its external auditors in any of the preceding three years.

On behalf of the Board

Wei Jie
Chairman

Hong Kong, 14 June 2018

* For identification purpose only

EY 安永

To the shareholders of Gold-Finance Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Gold-Finance Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 132, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Construction contracts — estimation of contract costs	
Revenue and costs recognised on contract works amounted to approximately HK$631.7 million and HK$597.8 million, respectively, for the year ended 31 March 2018. Revenue from construction contracts is recognised by using the percentage of completion method, measured by reference to the percentage of certified value of work performed to date to the total contract sum of the contract. The contract costs are recognised by applying the percentage of completion to the total budgeted costs of the contract. Significant management judgement and estimation are involved in estimating the total budgeted contract costs used in the determination of the contract costs recognised. Any variations in estimates on the total budgeted contract costs will affect the profit or loss to be recognised. The significant accounting policies and disclosures for the revenue and costs of construction contracts are included in notes 2.4, 3 and 19 to the consolidated financial statements.	We performed the following procedures to evaluate the total budgeted costs of construction contracts, which include staff costs, sub-contracting costs, materials and other costs to be incurred for the relevant projects: • discussed with management and the respective project teams about the progress of the projects; • tested the supporting documents of the budgets, on a sample basis, which include subcontracting contracts, material purchase contracts and price quotations, etc; • understood and evaluated the Group's process and control over the payment of construction costs; and • compared last year budget against current year budget or actual costs incurred for the contracts, on a sample basis.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
The Group has various investment properties in the People's Republic of China. Such investment properties are measured at fair value and the aggregate carrying amounts of these investment properties was HK$592.8 million as at 31 March 2018. Significant estimation and judgement are required by management to determine the fair values of the investment properties. To support management's determination of the fair values, the Group engaged an external valuer to perform valuations on the investment properties at the end of the reporting period. The accounting policies and disclosures for the estimation of fair value of investment properties are included in notes 2.4, 3 and 14 to the consolidated financial statements.	We performed the following procedures to assess the valuation of investment properties: • evaluated the objectivity, independence and competency of the external valuer; • involved our internal valuation specialists to assist us to assess the methodologies and assumptions adopted in the valuation for estimating the fair value of the investment properties; and • assessed the adequacy of disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. CHUNG, Ho Ling.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

14 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
REVENUE	5	**749,482**	740,007
Cost of services provided		**(620,117)**	(707,352)
Gross profit		**129,365**	32,655
Fair value gain on investment properties	14	**85,909**	400
Other income and gains, net	5	**47,597**	4,807
Administrative expenses		**(47,190)**	(34,337)
Fair value loss on financial assets at fair value through profit or loss		**(268)**	—
Finance costs	6	**(5,822)**	—
PROFIT BEFORE TAX	7	**209,591**	3,525
Income tax expense	10	**(50,149)**	(3,156)
PROFIT FOR THE YEAR		**159,442**	369
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**21,364**	—
Reclassification adjustments for gains included in profit or loss — Gain on disposal		**(20,702)**	—
		662	—
Exchange differences on translation of foreign operations		**19,347**	(17)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**20,009**	(17)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**179,451**	352

	Note	2018 HK$'000	2017 HK$'000
Profit attributable to:			
Owners of the parent		**159,354**	369
Non-controlling interests		**88**	—
		159,442	369
Total comprehensive income attributable to:			
Owners of the parent		**179,286**	352
Non-controlling interests		**165**	—
		179,451	352
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*12*	**HK3.98 cents**	HK0.01 cents
Diluted	*12*	**HK3.98 cents**	HK0.01 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**66,554**	64,202
Investment properties	14	**601,754**	8,300
Available-for-sale investments	15	**37,662**	—
Pledged deposit for a life insurance product	16	**6,594**	6,445
Investment in a film	17	**13,844**	—
Deposit paid for the acquisition of an equity interest in an investment	21	**—**	50,509
Prepayment, deposits and other receivables	21	**5,989**	—
Total non-current assets		**732,397**	129,456
CURRENT ASSETS			
Gross amount due from customers for contract works	19	**41,223**	34,401
Accounts receivable	20	**114,638**	136,380
Prepayments, deposits and other receivables	21	**61,387**	3,307
Tax recoverable		**188**	2,395
Financial assets at fair value through profit or loss	18	**15,167**	20,213
Cash and bank balances	22	**327,122**	119,109
Total current assets		**559,725**	315,805
CURRENT LIABILITIES			
Accounts and bills payables	23	**63,309**	53,697
Accruals of costs for contract works		**56,641**	113,898
Other payables and accruals	24	**257,748**	4,899
Receipts in advance		**31,117**	15,264
Interest-bearing bank and other borrowings	25	**90,000**	—
Tax payable		**13,347**	504
Total current liabilities		**512,162**	188,262
NET CURRENT ASSETS		**47,563**	127,543
TOTAL ASSETS LESS CURRENT LIABILITIES		**779,960**	256,999

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*25*	**213,094**	—
Convertible bonds	*26*	**56,193**	—
Deferred tax liabilities	*27*	**22,839**	743
Total non-current liabilities		**292,126**	743
Net assets		**487,834**	256,256
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*28*	**4,000**	4,000
Reserves	*29*	**441,794**	252,256
		445,794	256,256
Non-controlling interests		**42,040**	—
Total equity		**487,834**	256,256

Wei Jie
Director

Wong Kam Ting
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

	Attributable to owners of the parent												
	Issued capital HK$'000 (note 28)	**Share premium** HK$'000	**Statutory surplus reserve** HK$'000	**Exchange fluctuation reserve** HK$'000	**Equity component of convertible bonds** HK$'000 (note 26)	**Available-for-sale investments revaluation reserve** HK$'000	**Capital reserve** HK$'000 (note 29(a))	**Merger reserve** HK$'000 (note 29(b))	**Share option reserve** HK$'000 (note 29(c))	**Retained profits** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 April 2016	4,000	203,061	—	—	—	—	(109,551)	—	—	156,487	253,997	—	253,997
Profit for the year	—	—	—	—	—	—	—	—	—	369	369	—	369
Other comprehensive loss for the year:													
Exchange difference on translation of foreign operations	—	—	—	(17)	—	—	—	—	—	—	(17)	—	(17)
Total comprehensive income for the year	—	—	—	(17)	—	—	—	—	—	369	352	—	352
Business acquisition under common control *(note 32)*	—	—	—	197	—	—	—	(1,677)	—	—	(1,480)	—	(1,480)
Equity-settled share option arrangements *(note 31)*	—	—	—	—	—	—	—	—	3,387	—	3,387	—	3,387
At 31 March 2017	4,000	203,061*	—*	180*	—*	—*	(109,551)*	(1,677)*	3,387*	156,856*	256,256	—	256,256
At 1 April 2017	4,000	203,061	—	180	—	—	(109,551)	(1,677)	3,387	156,856	256,256	—	256,256
Profit for the year	—	—	—	—	—	—	—	—	—	159,354	159,354	88	159,442
Other comprehensive income for the year:													
Exchange difference on translation of foreign operations	—	—	—	19,294	—	—	—	—	—	—	19,294	77	19,371
Available-for-sale investments:													
Change in fair value	—	—	—	—	—	21,364	—	—	—	—	21,364	—	21,364
Reclassification adjustments for gains included in profit or loss — Gain on disposal	—	—	—	—	—	(20,702)	—	—	—	—	(20,702)	—	(20,702)
Total comprehensive income for the year	—	—	—	19,294	—	662	—	—	—	159,354	179,310	165	179,475
Business acquisition under common control *(note 32)*	—	—	—	29	—	—	—	9,815	—	—	9,844	—	9,844
Partial disposal of interest in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	41,875	41,875
Issue of convertible bonds	—	—	—	—	384	—	—	—	—	—	384	—	384
Transfer from retained profits	—	—	6,857	—	—	—	—	—	—	(6,857)	—	—	—
At 31 March 2018	**4,000**	**203,061***	**6,857***	**19,503***	**384***	**662***	**(109,551)***	**8,138***	**3,387***	**309,353***	**445,794**	**42,040**	**487,834**

* These reserve accounts comprise the consolidated reserves of HK$441,794,000 (2017: HK$252,256,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**209,591**	3,525
Adjustments for:			
Finance costs	*6*	**5,822**	—
Interest income	*5*	**(813)**	(2,807)
Depreciation	*7*	**3,996**	3,613
Charges of a life insurance product		**72**	68
Loss/(gain) on disposal of items of property, plant and equipment	*7*	**(149)**	2
Fair value gain on investment properties	*14*	**(85,909)**	(400)
Gain on disposal of financial assets at fair value through profits or loss	*5*	**(9,768)**	—
Fair value loss on financial assets at fair value through profit or loss		**268**	—
Gain on disposal of an available-for-sale investment, net	*5*	**(20,702)**	—
Fair value gain on the derivative component of convertible bonds	*5*	**(716)**	—
Equity-settled share option expense	*31*	**—**	3,387
Gain on modification of convertible bonds	*5*	**(684)**	—
Discounting effect of accounts receivable and accounts payables		**—**	60
		101,008	7,448
Decrease/(increase) in the gross amount due from customers for contract works		**(6,822)**	44,901
Decrease/(increase) in accounts receivable		**23,694**	(84,643)
Decrease/(increase) in prepayments, deposits and other receivables		**(12,682)**	68,779
Increase in accounts and bills payables		**7,426**	30,799
Increase/(decrease) in accruals of costs for contract works		**(57,257)**	34,528
Decrease in other payables and accruals		**(6,482)**	(771)
Increase in receipts in advance		**1,625**	15,280
Cash generated from operations		**50,510**	116,321
Interest received		**592**	2,586
Interest paid		**(4,818)**	—
Hong Kong profits tax refunded/(paid)		**185**	(2,422)
PRC corporate income tax paid		**(17,377)**	—
Net cash flows from operating activities		**29,092**	116,485

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(6,351)**	(5,334)
Additions of investment properties		**(488,002)**	—
Purchases of available-for-sale investments		**(36,041)**	—
Proceeds from disposal of an available-for-sale investment		**71,873**	—
Purchases of financial assets at fair value through profit or loss	*18*	**(32,293)**	(20,231)
Proceeds from disposal of financial assets at fair value through profit or loss		**47,808**	—
Prepayment for acquisition of items of property, plant and equipment		**(344)**	—
Acquisition of subsidiaries under common control	*32*	**(32)**	(463)
Deposit paid for the acquisition of an equity interest in an investment		**—**	(50,509)
Proceeds from partial disposal of subsidiaries		**35,619**	—
Proceeds from disposal of items of property, plant and equipment		**271**	2
Investment in a film	*17*	**(13,844)**	—
Net cash flows used in investing activities		**(421,336)**	(76,535)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible bonds	*26*	**57,059**	—
New bank and other borrowings		**301,198**	—
Amounts due to related parties		**240,591**	—
Net cash flows from financing activities		**598,848**	—
NET INCREASE IN CASH AND CASH EQUIVALENTS		**206,604**	39,950
Cash and cash equivalents at beginning of year		**119,109**	79,175
Effect of foreign exchange rate changes, net		**1,409**	(16)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**327,122**	119,109
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*22*	**327,122**	119,109

1. CORPORATE AND GROUP INFORMATION

Gold-Finance Holdings Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at 2806–2807, 28/F., Champion Tower, 3 Garden Road, Central, Hong Kong.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the following principal activities:

- Investment and asset management services in the People's Republic of China ("PRC")
- Property investment and development in the PRC
- Building services in Hong Kong

As at 31 March 2018, the immediate holding company of the Company is Gold-Finance (Hong Kong) Asset Management Limited, which was incorporated in Hong Kong, and the ultimate holding company of the Company is Xinyu Jin Cheng Industrial Group Co. Limited# (新余金誠實業集團有限公司) (formerly known as "Ningbo He Ze Run Industrial Investments Limited# (寧波和澤潤實業投資有限公司)"), which was incorporated in the PRC.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are set out below:

Company name	Place of incorporation/ registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Fungs E & M Engineering Company Limited ("Fungs E & M")	Hong Kong	HK$4,800,000	—	100	Provision of building services
Hangzhou Jinkai Yuanguan Investment Management Company Limited# ("Hangzhou Jinkai Yuanguan") (杭州金開圓觀投資管理有限公司*)	PRC	USD2,500,000/ USD10,000,000	—	100	Treasury investment

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Hangzhou Jin Zhong Xing Investment Management Company Limited# ("Hangzhou Jin Zhong Xing") (杭州金仲興投資管理有限公司*)	PRC	RMB10,000,000	—	100	Provision of investment and asset management services
Xinyu Guan Yue Investment Management Company Limited# ("Xinyu Guan Yue") (新余觀悦投資管理有限公司*)	PRC	RMB2,600,000/ RMB10,000,000	—	100	Provision of investment and asset management services
GF Management (HK) Limited	Hong Kong	HK$50,000,000	—	100	Treasury investment
Baoming Real Estate (Suzhou) Limited# ("Baoming Suzhou") (寶明地產(蘇州)有限公司*)	PRC	RMB57,000,000/ RMB10,000,000,000	—	99.7	Investment holding
Yang Zhou Youxiang IoT Technology Co., Limited# (揚州有象物聯科技有限公司*)	PRC	USD11,502,719/ USD40,000,000	—	98.9	Property investment and development
Yang Zhou Jincheng Star Commercial Development Co., Limited# (揚州金誠之星商業發展有限公司*)	PRC	USD2,503,771/ USD80,000,000	—	99.8	Property investment and development

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Huaian City Baoming Intelligence Industrial Zone Co., Limited# (淮安市寶明智慧產業園有限公司*)	PRC	USD17,353,587/ USD40,000,000	—	98.9	Property investment and development
Xuyi Baoming Real Estate Co., Limited# (盱眙寶明置業有限公司*)	PRC	USD3,000,000/ USD5,000,000	—	100	Property investment and development
Yueyang Baoming Real Estate Development Co., Limited# (岳陽寶明置業發展有限公司*)	PRC	RMB5,000,000/ RMB20,000,000	—	99.7	Property investment and development
Xiang Shan Baoming Sport & Culture Development Co., Limited# (象山寶明體育文化發展有限公司*)	PRC	RMB73,730,000/ RMB2,000,000,000	—	99.7	Property investment and development

On 1 August 2017, the Group acquired Xinyu Guan Yue from Zhejiang Chengze Jinkai Investment Management Company Limited# ("Zhejiang Chengze Jinkai") (浙江誠澤金開投資管理有限公司), which was beneficially wholly-owned by Mr. Wei Jie ("Mr. Wei"), the controlling shareholder, chairman and chief executive officer of the Company by cash consideration of RMB500,000 (equivalent to HK$580,000).

Further details of the acquisition are set out in note 32 to the financial statements.

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

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

* Incorporated as a limited liability company under PRC law.

\# The English names of the companies are for identification purposes only as they have not registered any official English names.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, available-for-sale investments and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements. Disclosure has been made in note 33 to the financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

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

Further information about those HKFRSs that are expected to be applicable to the Group is described below. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards and the transitional provisions and policy options finally adopted.

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

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

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

(a) Classification and measurement

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

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

(b) Impairment

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

In general, the directors of the Company anticipate the application of the expected loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that 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 the Group as at 1 April 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on accounts receivable. Such further impairment recognised under expected credit loss model would reduce the opening retained earnings and increase the deferred tax assets as at 1 April 2018.

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

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

The directors of the Company have assessed the impacts on application of HKFRS 15 and the expected impacts are as follows:

(a) Building services

Performance obligations satisfied over time

Under HKFRS 15, revenue is recognised when an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

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

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

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

The Group has assessed that its contracts with customers fulfil the criteria for recognising revenue over time under HKFRS 15. Methods that can be used under HKFRS 15 to measure the Group's progress towards complete satisfaction of a performance obligation satisfied over time include (i) output method (i.e. recognise revenue on the basis of direct measurement of the value to the customer of the entity's performance to date) and; (ii) input method (i.e. recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation). In measuring the work progress under the new revenue standard, the Group considers that an output method with reference to progress certificates issued by customers and any adjustment, where it is necessary and can be objectively determined, on the work progress would appropriately depict the transfer of control of goods or services to customers for individual projects under the new standard. So far as the measurement of progress for the Group's typical contracts is concerned, the Group does not expect the adoption of HKFRS 15 would significantly affect its financial position and performance based on the assessment performed so far.

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

(a) Building services *(Continued)*

Costs to fulfil a contract

Under HKFRS 15, if the costs incurred in fulfilling a contract with a customer are not within the scope of another standard, an entity shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

(i) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(ii) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) The costs are expected to be recovered.

Costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contracts and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations shall be expensed as incurred under HKFRS 15.

Currently, contract costs are recognised by reference to the stage of completion of the contract, which is measured with reference to the progress certificates issued by the customers. The Group has assessed that the adoption of HKFRS 15 may result in earlier recognition of contract costs that relate to satisfied performance obligations.

The directors of the Company currently do not expect the adoption of HKFRS 15 would have a significant impact on how it recognises revenue and costs from contracts with reference to the Group's typical contracts. The extent of impact on the Group's financial position and performance upon initial adoption of HKFRS 15 would depend on the progress of and facts specific to the Group's individual contracts.

(b) Presentation and disclosure

The presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in HKFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by HKFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

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

HKFRS 16, issued in May 2016, replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 April 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 36(b) to the financial statements, at 31 March 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$14,844,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Acquisition of subsidiaries under common control is accounted for using the pooling-of-interests method. The acquisition method of accounting is used to account for acquisition of subsidiaries not under common control.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Business combinations under common control

Business combinations of entities under common control are accounted for using the pooling-of-interests method. Under the pooling-of-interests method, the assets and liabilities of the acquiree are stated at their historical carrying values at the date of acquisition and the difference between the consideration transferred for a business combination under common control and the total of (i) the acquisition date historical net asset values of the acquiree attributable to the Group and (ii) the pre-acquisition reserves of the acquiree combined by the Group is accounted for as a contribution from or a distribution to, as appropriate, holding companies in the consolidated statement of changes in equity. Accordingly, there is no goodwill or a gain on bargain purchase as a result of a business combination under common control. The results of the acquiree under a business combination under common control are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Other business combinations

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Other business combinations *(Continued)*

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

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

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

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

Fair value measurement

The Group measures its investment properties, financial assets at fair value through profit or loss and available-for-sale financial investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than construction contract assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

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

Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Land and buildings	Over the shorter of the remaining lease terms and 40 years
Furniture, fixtures and office equipment	20%
Motor vehicles	25%

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

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

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

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

Investments and other financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss *(Continued)*

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

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

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

Loans and receivables

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

Available-for-sale financial investments

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

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

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

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

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

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

Derecognition of financial assets

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost *(Continued)*

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

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

Available-for-sale investments

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

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

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

The Group's financial liabilities include accounts and other payables and interest-bearing bank and other borrowings.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

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

Loans and borrowings

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Income tax

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

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

(b) from the rendering of services, when the services have been rendered;

(c) from the investment and asset management activities, management fees are recognised based on fund size as stipulated in the underlying agreements;

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

(e) rental income, on a time proportion basis over the lease terms.

Construction, renovation and other contracts

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

Revenue from contracts is recognised using the percentage of completion method, measured by reference to the percentage of certified value of work performed to date to the total contract sum of the relevant contracts.

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

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in PRC are required to participate in a central pension scheme operated by local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

The functional currencies of certain subsidiaries operating in the PRC is currency other than Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollar at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into Hong Kong dollars at the weighted average exchange rates for the year.

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Judgements

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

Classification between investment properties and owner-occupied properties

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

Estimation uncertainty

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

Construction, renovation and other contracts

As further explained in note 2.4 to the financial statements, revenue and profit recognition on contract works is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Based on the Group's past experience and the nature of the contract activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete can be reliably estimated. As a result, until this point is reached, the amount due from customers for contract works as disclosed in note 19 to the financial statements will not include profit which the Group may eventually realise from the work performed to date. In addition, actual outcomes in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years.

Significant assumptions on subcontracting cost, material cost and level of human resources required are required to estimate the total contract costs and the recoverable variation works that will affect whether any provision is required for foreseeable losses. The estimates are made based on past experience and knowledge of the project management.

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

Estimation uncertainty *(Continued)*

Estimation of fair value of investment properties

As disclosed in note 14 to the financial statements, the Group's investment properties are revalued at the end of the reporting period based on the appraised market value provided by an independent professionally qualified valuer. Such valuation was based on certain assumptions and estimates, which are subject to uncertainty and might materially differ from the actual outcomes. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date.

4. SEGMENT INFORMATION

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

- Investment and asset management services segment — provision of investment and asset management services in the PRC
- Property investment and development segment in the PRC
- Building services segment — Provision of building service in Hong Kong

Management monitors the results of the Group's operating segments separately for the purpose of making decision about resource allocations and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deposit paid for the acquisition of an equity interest in an investment, investment in a film, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, convertible bonds and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4. SEGMENT INFORMATION *(Continued)*

	Investment and asset management services		Property investment and development		Building services		Total	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Segment revenue	**117,222**	2,359	**323**	—	**631,937**	737,648	**749,482**	740,007
Segment results	**111,069**	1,819	**79,849**	—	**13,988**	15,175	**204,906**	16,994
Interest income							**813**	2,807
Corporate and other unallocated income							**24,114**	—
Corporate and other unallocated expenses							**(14,420)**	(16,276)
Finance costs							**(5,822)**	—
Profit before tax							**209,591**	3,525
Assets								
Segment assets	**138,731**	21,197	**617,856**	—	**191,464**	254,176	**948,051**	275,373
Corporate and other unallocated assets							**344,071**	169,888
Total assets							**1,292,122**	445,261
Liabilities								
Segment liabilities	**53,056**	15,986	**47,740**	—	**99,261**	171,281	**200,057**	187,267
Corporate and other unallocated liabilities							**604,231**	1,738
Total liabilities							**804,288**	189,005

4. SEGMENT INFORMATION *(Continued)*

	Investment and asset management services		Property investment and development		Building services		Total	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Other segment disclosures								
Capital expenditure*								
Operating segment	**81**	674	**490,365**	—	**4,557**	5,638	**495,003**	6,312
Unallocated							**—**	22
							495,003	6,334
Depreciation								
Operating segment	**176**	28	**156**	—	**3,660**	3,581	**3,992**	3,609
Unallocated							**4**	4
							3,996	3,613
Fair value gain on investment properties	**—**	—	**85,209**	—	**700**	400	**85,909**	400

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

4. SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2018 HK$'000	2017 HK$'000
Hong Kong	**631,937**	737,648
PRC	**117,545**	2,359
	749,482	740,007

The revenue information is based on the locations of the customers.

(b) Non-current assets

	2018 HK$'000	2017 HK$'000
Hong Kong	**73,204**	72,502
PRC	**595,449**	—
Cambodia	**—**	50,509
	668,653	123,011

The non-current asset information is based on the locations of the assets and excludes available-for-sale investments, investment in a film, pledged deposit for a life insurance product and financial assets in prepayments, deposits and other receivables.

Information about major customers

Revenue from each major customer, which were all derived from the Group's building services segment, which accounted for 10% or more of the Group's revenue for the year is set out below:

	2018 HK$'000	2017 HK$'000
Customer A	**190,264**	104,524
Customer B	**103,748**	N/A*
Customer C	**103,623**	207,048
Customer D	**N/A***	154,077

* Less than 10% of the Group's revenue

Except for the aforesaid, no revenue from a single external customer accounted for 10% or more of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the appropriate proportion of contract revenue from construction, renovation and other contracts and the invoiced value of services rendered, net of value-added tax, during the year.

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

	2018 HK$'000	2017 HK$'000
Revenue		
Contract revenue	631,721	737,648
Investment and asset management fee income	117,222	2,359
Rental income from investment properties	539	—
	749,482	740,007
Other income and gains, net		
Interest income	813	2,807
Management fee income	1,405	1,734
Investment advisory income	10,251	—
Gain on disposal of items of property, plant and equipment	149	—
Gain on disposal of financial assets at fair value through profit or loss	9,768	—
Gain on disposal of available-for-sale investments, net	20,702	—
Fair value gain on the derivative component of convertible bonds	716	—
Gain on modification of convertible bonds	684	—
Foreign exchange differences, net	2,685	35
Gross rental income	—	216
Sundry income	424	15
	47,597	4,807

6. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on convertible bonds (note 26)	2,492	—
Interest on bank and other borrowings	3,330	—
	5,822	—

7. PROFIT BEFORE TAX

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

	Note	**2018** **HK$'000**	2017 HK$'000
Contract cost		**597,787**	707,315
Cost of management services provided		**22,330**	37
Depreciation	*13*	**3,996**	3,613
Auditor's remuneration		**1,925**	1,435
Minimum lease payments under operating leases		**1,245**	141
Loss/(gain) on disposal of items of property, plant and equipment		**(149)**	2
Employee benefit expense (exclusive of directors' remuneration):			
Wages and salaries		**43,114**	37,814
Pension scheme contributions (defined contribution scheme)		**1,794**	871
		44,908	38,685

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2018 HK$'000	2017 HK$'000
Fees	**1,879**	1,000
Other emoluments:		
Salaries, allowances and benefits in kind	**72**	—
Discretionary performance-related bonuses	**—**	—
Equity-settled share option expense	**—**	3,387
Pension scheme contributions (defined contribution scheme)	**20**	—
	92	3,387
	1,971	4,387

During the prior year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the financial statements. The fair value of such options, which has been recognised in profit or loss, was determined as at the date of grant and the amount included in the financial statements for the prior year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2018 HK$'000	2017 HK$'000
Mr. Niu Zhongjie ("Mr. Niu")	**211**	150
Mr. Cheung Ying Kwan ("Mr. Cheung")	**211**	150
Mr. Chen Zhao ("Mr. Chen")	**211**	150
	633	450

There were no other emoluments payable to the independent non-executive directors during the year (2017: Nil).

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

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance-related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 March 2018						
Mr. Wei	**562**	**—**	**—**	**—**	**—**	**562**
Ms. Xu Li Yun ("Ms. Xu")	**342**	**72**	**—**	**—**	**20**	**434**
Mr. Wong Kam Ting ("Mr. Wong")	**342**	**—**	**—**	**—**	**—**	**342**
	1,246	**72**	**—**	**—**	**20**	**1,338**

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance-related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 March 2017						
Mr. Wei	144	—	—	1,694	—	1,838
Ms. Xu	144	—	—	1,693	—	1,837
Mr. Jiang Junwei ("Mr. Jiang")	118	—	—	—	—	118
Ms. Fan Qi ("Ms. Fan")	67	—	—	—	—	67
Mr. Wong	77	—	—	—	—	77
	550	—	—	3,387	—	3,937

Ms. Fan retired on 19 September 2016 and Mr. Jiang resigned on 25 January 2017.

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

9. FIVE HIGHEST PAID EMPLOYEES

During the year ended 31 March 2018, no directors were included in the five highest paid employees (2017: two). Details of the remuneration for the year of the remaining five (2017: remaining three) non-director, highest paid employees are as follows:

	2018 HK$'000	2017 HK$'000
Salaries, allowances and benefits in kind	7,083	5,195
Discretionary performance-related bonuses	10,320	5,905
Pension scheme contributions	90	54
	17,493	11,154

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

	Number of employees	
	2018	2017
HK$1,000,001 to HK$1,500,000	2	1
HK$3,000,001 to HK$3,500,000	1	1
HK$4,500,001 to HK$5,000,000	1	—
HK$6,500,001 to HK$7,000,000	—	1
HK$7,500,001 to HK$8,000,000	1	—
	5	3

10. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Tax on profits assessable has been calculated at the rates of tax prevailing in the countries in which the Group operates.

10. INCOME TAX *(Continued)*

	2018 HK$'000	2017 HK$'000
Current — Hong Kong		
Charge for the year	**3,439**	2,224
Overprovision in prior years	**(17)**	(130)
Current — PRC	**25,745**	503
Deferred (note 27)	**20,982**	559
Total tax charge for the year	**50,149**	3,156

A reconciliation of the tax expense applicable to profit before tax at the statutory/applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2018 HK$'000	2017 HK$'000
Profit before tax	**209,591**	3,525
Tax at the statutory/applicable tax rates of different jurisdictions	**50,164**	752
Adjustments in respect of current tax of previous periods	**(17)**	(130)
Income not subject to tax	**(2,251)**	(492)
Expenses not deductible for tax	**3,396**	2,735
Temporary difference not recognised	**316**	311
Tax reduction	**(30)**	(20)
Tax losses utilised	**(1,429)**	—
Tax charge at the Group's effective tax rate	**50,149**	3,156

11. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year (2017: Nil).

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share for the year ended 31 March 2018 is based on the profit for the year attributable to ordinary equity holders of the parent of HK$159,354,000 (2017: HK$369,000) and the weighted average number of ordinary shares of 4,000,000,000 (2017: 4,000,000,000) in issue during the year.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest, gain on modification and fair value gain on the derivative component on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2018 **HK$'000**	2017 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**159,354**	369
Interest on convertible bonds	**2,492**	—
Gain on modification of convertible bonds	**(684)**	—
Fair value gain on the derivative component of the convertible bonds	**(716)**	—
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation	**160,446**	369

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,000,000,000**	4,000,000,000
Effect of dilution-weighted average number of ordinary shares:		
Share options	**952,671**	—
Convertible bonds	**30,297,333**	—
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**4,031,250,004**	4,000,000,000

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2018				
At 31 March 2017 and 1 April 2017:				
Cost	**66,073**	**4,991**	**11,366**	**82,430**
Accumulated depreciation	**(7,659)**	**(4,141)**	**(6,428)**	**(18,228)**
Net carrying amount	**58,414**	**850**	**4,938**	**64,202**
At 1 April 2017, net of accumulated depreciation	**58,414**	**850**	**4,938**	**64,202**
Additions	**—**	**1,046**	**5,955**	**7,001**
Depreciation provided during the year	**(1,918)**	**(383)**	**(1,695)**	**(3,996)**
Disposals	**—**	**—**	**(772)**	**(772)**
Exchange realignment	**—**	**26**	**93**	**119**
At 31 March 2018, net of accumulated depreciation	**56,496**	**1,539**	**8,519**	**66,554**
At 31 March 2018:				
Cost	**66,073**	**6,028**	**15,336**	**87,437**
Accumulated depreciation	**(9,577)**	**(4,489)**	**(6,817)**	**(20,883)**
Net carrying amount	**56,496**	**1,539**	**8,519**	**66,554**
31 March 2017				
At 1 April 2016:				
Cost	66,073	4,775	5,256	76,104
Accumulated depreciation	(5,741)	(3,821)	(5,057)	(14,619)
Net carrying amount	60,332	954	199	61,485
At 1 April 2016, net of accumulated depreciation	60,332	954	199	61,485
Additions	—	220	6,114	6,334
Depreciation provided during the year	(1,918)	(324)	(1,371)	(3,613)
Disposals and written off	—	—	(4)	(4)
At 31 March 2017, net of accumulated depreciation	58,414	850	4,938	64,202
At 31 March 2017:				
Cost	66,073	4,991	11,366	82,430
Accumulated depreciation	(7,659)	(4,141)	(6,428)	(18,228)
Net carrying amount	58,414	850	4,938	64,202

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

At 31 March 2018, the Group's land and buildings with a net carrying amount of HK$56,496,000 (2017: HK$45,906,000) was pledged to secure a general banking facility and an other loan granted to the Group (note 25).

14. INVESTMENT PROPERTIES

	Completed HK$'000	Land for development of commercial and industrial properties HK$'000	Total HK$'000
Carrying amount at 1 April 2016	7,900	—	7,900
Gain from a fair value adjustment	400	—	400
Carrying amount at 31 March 2017 and 1 April 2017	8,300	—	8,300
Additions	22,730	465,272	488,002
Net gain from fair value adjustments	26,438	59,471	85,909
Exchange realignment	614	18,929	19,543
Carrying amount at 31 March 2018	**58,082**	**543,672**	**601,754**

The Group's investment properties consist of an office property in Hong Kong, a property for commercial use in the PRC and five parcels of land for development of commercial and industrial properties in the PRC. Management has determined that the investment properties consist of two classes of assets, i.e., commercial and industrial properties, based on the nature, characteristics and risks of each property.

The investment property in Hong Kong was revalued on 31 March 2018 based on a valuation performed by Goldrich Planners & Surveyors Ltd, an independent professionally qualified valuer, at HK$9,000,000 (2017: HK$8,300,000). The investment properties in PRC were revalued on 31 March 2018 based on valuations performed by Royson Valuation Advisory Limited, an independent professionally qualified valuer, at HK$592,754,000 (2017: Nil). Each year, the directors of the Company decide which external valuer to be responsible for the external valuation of the Group's property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed at each annual reporting date.

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

14. INVESTMENT PROPERTIES *(Continued)*

At 31 March 2018, one of the Group's investment properties with a carrying amount of HK$9,000,000 (2017: Nil) was pledged to secure a general banking facility and an other loan granted to the Group (note 25).

Further particular of the Group's investment properties are included on page 11.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement categorised into			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2018				
Recurring fair value measurement for:				
Office property in Hong Kong	—	**9,000**	—	**9,000**
Commercial properties in PRC	—	—	**395,169**	**395,169**
Industrial properties in the PRC	—	—	**197,585**	**197,585**
	—	**9,000**	**592,754**	**601,754**
31 March 2017				
Recurring fair value measurement for:				
Office property in Hong Kong	—	8,300	—	8,300

The fair values of the office property in Hong Kong at 31 March 2018 and 2017 were measured using the direct comparison method based on market observable transactions of similar properties and were adjusted to reflect the conditions and locations of the subject property and hence were classified as Level 2 of the fair value hierarchy.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2017: Nil).

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000	Industrial properties HK$'000
Carrying amount at 1 April 2016, 31 March 2017 and 1 April 2017	—	—
Additions	316,179	171,823
Net gain from fair value adjustments	70,454	14,755
Exchange realignment	8,536	11,007
Carrying amount at 31 March 2018	**395,169**	**197,585**

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range 2018	Range 2017
Completed commercial property	Direct comparison approach	Price per square meter	**RMB7,999 (equivalent to HK$10,067)**	N/A
Land for development of commercial properties	Direct comparison approach	Price per square meter	**RMB310 to RMB670 (equivalent to HK$390 to HK$843)**	N/A
Land for development of industrial properties	Direct comparison approach	Price per square meter	**RMB100 to RMB165 (equivalent to HK$126 to HK$208)**	N/A

The fair value of the investment properties which are classified as Level 3 of the fair value hierarchy is determined by using the direct comparison approach method by making reference to comparable sales evidences or land prices available in the relevant market, assuming sale in the existing state with the benefit of vacant possession.

A significant increase/(decrease) in price per square meter in isolation would result in significantly higher/(lower) fair value of the investment properties.

15. AVAILABLE-FOR-SALE INVESTMENTS

	2018 **HK$'000**	2017 HK$'000
Unlisted fund investments, at fair value	**37,662**	—

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$21,364,000 (2017: Nil), of which HK$20,702,000 (2017: Nil) was reclassified from other comprehensive income to profit or loss for the year.

The above investments consist of investments in unlisted fund which were designated as available-for-sale financial assets.

The fair value of the available-for-sale investments which are classified as Level 2 of the fair value hierarchy are derived from the net asset value per unit of the investments or latest transaction prices. The directors believe that the estimated fair values which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

16. PLEDGED DEPOSIT FOR A LIFE INSURANCE PRODUCT

The Group entered into a life insurance policy with an insurance company to insure Mr. Fung Chi Wing ("Mr. Fung"), a director of a subsidiary of the Company, in 2014. Under this policy, the Group is the beneficiary and the policy holder. The Group is required to pay an upfront payment for the policy. The Group may request a partial surrender or full surrender of the policy at any time and receive cash based on the value of the policy at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated interest earned and minus insurance premium and policy expenses charged (the "Cash Value"). If such withdrawal is made at any time during the first to the eighteenth policy years, as appropriate, a pre-determined specified surrender charge would be imposed.

The insurance company paid interest at a rate of 4.2% per annum on the Cash Value of the policy for the first policy year. Commencing on the second policy year, the interest rate is 2% plus a premium determined by the insurance company on an annual basis.

16. PLEDGED DEPOSIT FOR A LIFE INSURANCE PRODUCT *(Continued)*

At the inception date, the upfront payment was separated into a prepayment of life insurance premium and a deposit. The prepayment of life insurance premium is amortised to profit or loss over the insured period and the deposit is carried at amortised cost using the effective interest method. The effective interest rate on initial recognition was determined by discounting the estimated future cash receipts through the expected life of the insurance policy, excluding the financial effect of the surrender charge.

The carrying amount of the life insurance product as at 31 March 2018 and 31 March 2017 approximated to the Cash Value of the insurance policy, which is considered a close estimate to the fair value. The expected life of the policy remained unchanged from the initial recognition.

The fair value of the non-current portion of the pledged deposit is categorised within Level 3 of the fair value hierarchy and has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar credit terms, credit risk and remaining maturities.

The prepayment of life insurance premium of HK$20,000 (2017: HK$20,000) was included in the current portion of prepayments, deposits and other receivables and an aggregate carrying amount of HK$6,614,000 (2017: HK$6,465,000) was pledged as security for the Group's general banking facility (note 34).

17. INVESTMENT IN A FILM

As at 31 March 2018, investment in a film of RMB11,000,000 (equivalent to HK$13,844,000) was unsecured, had a minimum guaranteed return of 10% for the amount invested and had no fixed terms of repayment. This investment is governed by the relevant agreements entered into between the Group and other investors whereby the Group is entitled to benefit generated from the distribution of the related film for ten years. Since the amount is expected to be recovered by the Group over one year, the amount was classified as a non-current financial asset at 31 March 2018.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$'000	2017 HK$'000
Listed equity investments, at market value	**15,167**	—
Unlisted investments, at fair value	**—**	20,213
	15,167	20,213

The above investments at 31 March 2018 and 2017 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

Assuming the portfolio of the Group's listed equity investments remained unchanged, the market value of the Group's equity investments at fair value through profit or loss at the date of approval of these financial statements was HK$10,578,000.

Fair value hierarchy

The following table illustrate the fair value measurement hierarchy of the Group's financial assets at fair value through profit or loss:

	Fair value measurement categorised into			
	Quoted prices in active markets Level 1 HK$'000	**Significant observable inputs Level 2** HK$'000	**Significant unobservable inputs Level 3** HK$'000	**Total** HK$'000
31 March 2018				
Listed equity investments, at market value	**15,167**	**—**	**—**	**15,167**
31 March 2017				
Unlisted investments, at fair value	—	20,213	—	20,213

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2017: Nil).

19. CONSTRUCTION, RENOVATION AND OTHER CONTRACTS

	2018 HK$'000	2017 HK$'000
Gross amount due from customers for contract works	**41,223**	34,401
Contract costs incurred plus recognised profits less recognised losses to date	**866,749**	453,540
Less: Progress billings	**(825,526)**	(419,139)
	41,223	34,401

20. ACCOUNTS RECEIVABLE

	2018 HK$'000	2017 HK$'000
Due from third parties	**114,638**	136,380

Accounts receivable mainly represent receivables for investment and asset management and contract works.

The payment terms of receivables for investment and asset management are due upon billing. The payment terms of receivables for contract works are stipulated in the relevant contracts and the receivables are usually due for settlement within 30 days after the customers receive interim payment from their project employers.

As at 31 March 2018, retentions receivable included in accounts receivable amounted to HK$44,250,000 (2017: HK$35,752,000), which are repayable within terms ranging from one to three years. The entire amount is expected to be recovered more than twelve months after the reporting period.

The credit terms offered to the related parties are similar to those offered to other major independent customers of the Group.

20. ACCOUNTS RECEIVABLE *(Continued)*

The ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date, is as follows:

	2018	2017
	HK$'000	HK$'000
One to three months	**111,249**	135,147
Four to six months	**797**	—
Over six months	**2,592**	1,233
	114,638	136,380

The ageing analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	2018	2017
	HK$'000	HK$'000
Past due but not impaired:		
One to three months past due	**7,455**	952
Four to six months past due	**56**	—
Over six months past due	**2,592**	1,233
	10,103	2,185
Neither past due nor impaired	**104,535**	134,195
	114,638	136,380

Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers for whom there was no recent history of default.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Prepayments	**8,132**	2,237
Deposits and other receivables	**51,410**	51,579
Amounts due from a non-controlling shareholder	**6,280**	—
Amount due from a related party controlled by Mr. Wei	**1,554**	—
	67,376	53,816
Portion classified as non-current:		
Deposit paid for the acquisition of equity interest in an investment	**—**	(50,509)
Other deposit and prepayment	**(5,989)**	—
Current portion	**61,387**	3,307

Amounts due from a non-controlling shareholder is unsecured, interest-free and has no fixed term of repayment.

22. CASH AND BANK BALANCES

	2018 HK$'000	2017 HK$'000
Cash and bank balances	**327,122**	119,109
Cash and cash equivalents denominated in:		
HK$	**106,237**	103,203
Renminbi ("RMB")	**159,790**	15,897
United States Dollar ("USD")	**38,727**	9
Euro ("EUR")	**22,368**	—
	327,122	119,109

Cash at banks earns interest at floating rates based on daily bank deposit rates. RMB is not freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to exchange restriction imposed by the PRC government. At the end of the reporting period, the cash and cash equivalents which were subject to exchange restrictions in the PRC amounted to HK$159,751,000 (2017: HK$15,897,000).

23. ACCOUNTS AND BILLS PAYABLE

	2018 **HK$'000**	2017 HK$'000
Accounts payable	**63,309**	41,597
Bills payable	**—**	12,100
	63,309	53,697

An ageing analysis of the accounts and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2018 **HK$'000**	2017 HK$'000
Current to 3 months	**63,309**	53,697

As at 31 March 2018, retentions payable included in accounts payable amounted to HK$36,583,000 (2017: HK$25,838,000), which are normally settled on terms ranging from two to three years.

Accounts payable are non-interest-bearing and are normally settled within three months. The payment terms are stipulated in the relevant contracts.

24. OTHER PAYABLES AND ACCRUALS

	2018 **HK$'000**	2017 HK$'000
Other payables	**12,548**	4,355
Amount due to a company controlled by Mr. Wei	**241,992**	—
Amount due to the ultimate holding company	**67**	—
Accruals	**3,141**	544
	257,748	4,899

Other payables are non-interest-bearing and are expected to be settled within one year.

Amount due to a company controlled by Mr. Wei is unsecured, interest-free and has no fixed term of repayment.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2018			2017		
	Contractual interest rate	**Maturity**	**HK$'000**	Contractual interest rate	Maturity	HK$'000
Current						
Other loan from a money lender licensee — secured	**3.89%**	**2018**	**90,000**	N/A	N/A	—
Non-current						
Bank loans — secured	**1.7%**	**2020**	**169,047**	N/A	N/A	—
Other loan from the ultimate holding company	**1.5%**	**2020**	**44,047**	N/A	N/A	—
			213,094			—
			303,094			—
Analysed into:						
Bank loans repayable:						
In the third to fifth years, inclusive			**169,047**			—
Other loans repayable:						
Within one year or on demand			**90,000**			—
In the third to fifth years, inclusive			**44,047**			—
			134,047			—
			303,094			—

Notes:

(a) Certain of the Group's interest-bearing bank and other borrowings are secured by:

(i) charge over the Group's investment property situated in Hong Kong, which had an aggregate carrying value at the end of the reporting of HK$9,000,000 (2017: Nil);

(ii) charge over the Group's land and building situated in Hong Kong, which had an aggregate carrying value at the end of the reporting of HK$56,496,000 (2017: Nil); and

(iii) pledged deposit of HK$201,989,000 by a company controlled by Mr. Wei in the PRC (2017: Nil).

25. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(b) The Group's general banking facility in an aggregate amount of HK$30,000,000 (2017: HK$40,000,000), of which none of them had been utilised as at the end of the reporting period, was secured by:

(i) a legal charge over the Group's investment property situated in Hong Kong with a carrying amount of HK$9,000,000 (2017: Nil);

(ii) a legal charge over certain land and buildings of the Group with a carrying amount of HK$12,095,000 (2017: HK$45,906,000); and

(iii) a pledged deposit of a life insurance product with a carrying amount of HK$6,614,000 (2017: HK$6,465,000).

(c) As at 31 March 2018, all interest-bearing bank and other borrowings bore interest at a fixed interest rate.

(d) The Group's bank and other borrowings are denominated in the following currencies:

	2018 **HK$'000**	2017 HK$'000
HK$	**90,000**	—
RMB	**44,047**	—
EUR	**169,047**	—
	303,094	—

26. CONVERTIBLE BONDS

On 12 June 2017 (the "Issue Date"), the Company issued convertible bonds in the principal amount of US$7,330,000 (the "Convertible Bonds") which bear interest at 6% per annum and is payable half-yearly in arrears on 12 December and 12 June. The Convertible Bonds mature on the date ending on 24 months from the date of the Issue Date (the "Maturity Date") and are convertible at the option of the bondholders into ordinary shares of the Company at any time after one year of the Issue Date and ending on 10 business days immediately preceding the Maturity Date at an initial conversion price of HK$1.5 per share. The Company may early redeem the Convertible Bonds on or at any time after 6 months from the Issue Date but prior to the Maturity Date at 100% of the outstanding principal amount of the Convertible Bonds plus accrued and unpaid interest.

The Convertible Bonds contain two components: liability component and derivative financial instrument component. The liability component was carried at amortised cost using effective interest method. The derivative financial instrument component was measured at fair value using the Binomial Option Pricing model method with any changes in fair value recognised in profit or loss. The effective interest rate of the liability component was 4.71%.

26. CONVERTIBLE BONDS *(Continued)*

On 9 February 2018, the Group entered into a supplemental agreement to modify the principal amount of convertible bonds (the "Modified Convertible Bonds") from US$7,330,000 to HK$56,808,000 and certain anti-dilutive clauses. The modification was completed on the same date of the supplemental agreement. Upon modification, the Modified Convertible Bonds contain two components: liability component and equity component. The liability component was carried at amortised cost using effective interest method. The residual amount is assigned as the equity component and is included in reserve. The effective interest rate of the liability component upon modification was 8.48%.

The movement of the net proceeds received from the issue of the Convertible Bonds and the modification of the Modified Convertible Bonds are as follows:

	Derivative component HK$'000	Liability component HK$'000	Equity component HK$'000	Total HK$'000
At 1 April 2016, 31 March 2017 and 1 April 2017	—	—	—	—
At issue date	(1,360)	58,419	—	57,059
Fair value gain	(716)	—	—	(716)
Exchange loss	—	156	—	156
Modification of the terms of convertible bonds				
— Gain on modification of convertible bonds	—	684	—	684
— Extinguishment of original convertible bonds upon modification of terms	2,076	(59,377)	—	(57,301)
— Recognition of convertible bonds upon modification of terms	—	55,548	384	55,932
Interest on convertible bonds	—	2,492	—	2,492
Interest paid	—	(1,729)	—	(1,729)
At 31 March 2018	—	56,193	384	56,577

Subsequent to the end of the reporting period, the bondholder has exercised its conversion options and convertible bonds in the aggregate principal amount of HK$56,808,000 were converted into 37,871,666 ordinary shares of the Company, resulting in additional share capital of approximately HK$38,000. Further details are set out in the Company's announcement dated 12 June 2018.

27. DEFERRED TAX LIABILITIES

The movements of deferred tax liabilities during the year are as follows:

	Fair value adjustment for investment properties HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Total HK$'000
At 1 April 2016	—	184	184
Deferred tax charged to profit or loss during the year (note 10)	—	559	559
At 31 March 2017 and 1 April 2017	—	743	743
Deferred tax charged to profit or loss during the year (note 10)	**20,544**	**438**	**20,982**
Exchange realignment	**1,114**	**—**	**1,114**
At 31 March 2018	**21,658**	**1,181**	**22,839**

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As at 31 March 2018, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised totalled approximately HK$80,372,000 at 31 March 2018 (2017: HK$391,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

28. SHARE CAPITAL

	2018 HK$'000	2017 HK$'000
Shares:		
Authorised:		
100,000,000,000 ordinary shares of HK$0.001 each (2017: 100,000,000,000 ordinary shares of HK$0.001 each)	**100,000**	100,000
Issued and fully paid:		
4,000,000,000 ordinary share of HK$0.001 each (2017: 4,000,000,000 ordinary shares of HK$0.001 each)	**4,000**	4,000

The movements in the Company's share capital for the years ended 31 March 2018 and 2017 were as follows:

	Notes	Number of ordinary shares	Par value	Nominal value of ordinary shares HK$'000
Authorised:				
At 1 April 2016		1,000,000,000	0.01	10,000
Increase in authorised share capital	*(a)*	9,000,000,000	0.01	90,000
Effect of share sub-division	*(b)*	90,000,000,000	0.001	—
At 31 March 2017, 1 April 2017 and 31 March 2018		**100,000,000,000**	**0.001**	**100,000**

28. SHARE CAPITAL *(Continued)*

	Notes	Number of shares in issue	Issued capital HK$'000
Issued and fully paid:			
At 1 April 2016		400,000,000	4,000
Effect of share sub-division	*(c)*	3,600,000,000	—
At 31 March 2017, 1 April 2017 and 31 March 2018		**4,000,000,000**	**4,000**

Notes:

(a) Pursuant to an ordinary resolution passed on 20 December 2016, the authorised share capital of the Company was increased from HK$10,000,000 to HK$100,000,000 by the creation of additional 9,000,000,000 shares of HK$0.01 each, all of which will rank pari passu with all existing shares.

(b) Pursuant to an ordinary resolution passed on 20 December 2016, each ordinary share of HK$0.01 in the authorised share capital of the Company was sub-divided into ten ordinary shares of HK$0.001 each effective on 21 December 2016.

(c) Pursuant to an ordinary resolution passed on 20 December 2016, each ordinary share of HK$0.01 in the issued and unissued share capital of the Company was sub-divided into ten ordinary shares of HK$0.001 each effective on 21 December 2016.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(a) Capital reserve

The amount represents the difference between the share capital and share premium issued by the Company for the acquisition of Fungs E & M pursuant to the reorganisation and the share capital of Fungs E & M being acquired at the time of the reorganisation.

(b) Merger reserve

The amount represents the difference between the total of the consideration transferred for the acquisition of subsidiaries through business combinations under common control and the carrying amount of the assets acquired, liabilities assumed and pre-acquisition reserves combined by the Group.

(c) Share option reserve

The amount represents the fair value of share options vested which are yet to be exercised, as further explained in the accounting policy of share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related share options are exercised, or transferred to retained profits should the related share options lapse or be forfeited.

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2018
Percentage of equity interest held by non-controlling interests:	
Baoming Suzhou and its subsidiaries ("Baoming Suzhou Group")	**0.3%**

	HK$'000
Profit for the year allocated to non-controlling interests:	
Baoming Suzhou Group	**63**
Accumulated balances of non-controlling interests at the reporting date:	
Baoming Suzhou Group	**35,687**

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

The following tables illustrate the summarised financial information of Baoming Suzhou Group. The amounts disclosed are before any inter-company eliminations:

	2018 HK$'000
Revenue	—
Total expenses	(2,678)
Profit and total comprehensive income for the year	42,584
Current assets	446,759
Non-current assets	471,948
Current liabilities	(478,043)
Non-current liabilities	(12,256)
Net cash flows used in operating activities	(9,846)
Net cash flows used in investing activities	(389,077)
Net cash flows from financing activities	571,972
Net increase in cash and cash equivalents	173,049

31. SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 22 September 2014 (the "Scheme"), the Company may grant options to Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and full-time employees of any member of the Group and any advisers, consultants, contractors, sub-contractors, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to subscribe for shares in the Company with the payment of HK$1.00 upon each option granted and the options granted must be accepted within 14 days from the date of offer.

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

31. SHARE OPTION SCHEME *(Continued)*

The subscription price of a share shall be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company on the date of grant of the option. The share options granted are exercisable at any time during a period of not more than 10 years from the date of grant, subject to the provisions of early termination contained in the Scheme. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed 30% of the number of shares of the Company in issue from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not, in aggregate, exceed 10% of the number of shares of the Company in issue on the date the shares of the Company commence trading on the Stock Exchange. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12 months period up to the date of grant shall not exceed 1% of the shares of the Company then in issue.

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

The following share options were outstanding under the Scheme during the respective years:

	2018 Weighted average exercise price HK$ per share	**2018** Number of options '000	2017 Weighted average exercise price HK$ per share	2017 Number of options '000
At 1 April	**2.00**	**5,000**	—	—
Granted during the year	**—**	**—**	2.00	5,000
At 31 March	**2.00**	**5,000**	2.00	5,000

No share options were exercised during the years ended 31 March 2018 and 2017.

31. SHARE OPTION SCHEME *(Continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2017 and 2018 Number of options '000	Exercise price* HK$ per share	Exercise period
5,000	2.00	17 February 2017 to 16 February 2027

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year ended 31 March 2017 was HK$3,387,000 (HK$0.68 each), of which the Group recognised a share option expense of HK$3,387,000 during the year ended 31 March 2017.

The fair value of equity-settled share options granted during the prior year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2017
Dividend yield (%)	0
Expected volatility (%)	58.15
Risk-free interest rate (%)	2.47
Expected life of options (year)	10
Weighted average share price (HK$ per share)	1.27

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

31. SHARE OPTION SCHEME *(Continued)*

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 5,000,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 5,000,000 additional ordinary shares of the Company and additional share capital of HK$5,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 5,000,000 share options outstanding under the Scheme, which represented approximately 0.1% of the Company's shares in issue as at that date.

32. BUSINESS COMBINATION UNDER COMMON CONTROL

Year ended 31 March 2018

During the year ended 31 March 2018, the Group acquired the 100% equity interest in Xin Yu Guan Yue from Zhejiang Jin Cheng, which is beneficially wholly-owned by Mr. Wei, the controlling shareholder of the Company. Since both the Group and Xinyu Guan Yue were controlled by Mr. Wei, before and after the acquisition, the acquisition of Xinyu Guan Yue has been accounted for as a business combination under common control using the pooling-of-interests method.

The carrying amounts of assets and liabilities of the subsidiary acquired through business combination under common control during the year as at the date of acquisition are set out as follows:

	HK$'000
Cash and bank balances	548
Accounts receivable	6
Prepayments and other receivables	42,347
Account payable	(1,125)
Receipts in advance	(12,157)
Tax payable	(2,539)
Other payables and accruals	(16,656)
Total identifiable net assets at fair value	10,424
Exchange reserve	(29)
	10,395
Merger reserve	(9,815)
Satisfied by cash	580

32. BUSINESS COMBINATION UNDER COMMON CONTROL *(Continued)*

Year ended 31 March 2018 *(Continued)*

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	**(580)**
Cash and bank balances acquired	**548**
Net outflow of cash and cash equivalents included in cash flows from investing activities	**(32)**

Since the acquisition, Xinyu Guan Yue contributed HK$5,734,000 to the Group's revenue and HK$8,471,000 to the consolidated profit for the year ended 31 March 2018.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit for the year of the Group would have been HK$756,236,000 and HK$167,391,000, respectively.

Year ended 31 March 2017

During the year ended 31 March 2017, the Group acquired the 100% equity interest in Hangzhou Jin Zhong Xing from the Zhejiang Chengze Jinkai, which is beneficially wholly-owned by Mr. Wei, the controlling shareholder of the Company. Since both the Group and Hangzhou Jin Zhong Xing were controlled by Mr. Wei, before and after the acquisition, the acquisition of Hangzhou Jin Zhong Xing has been accounted for as a business combination under common control using the pooling-of-interests method.

The carrying amounts of assets and liabilities of the subsidiary acquired through business combination under common control during the year as at the date of acquisition are set out as follows:

	HK$'000
Cash and bank balances	662
Accounts receivable	120
Prepayments and other receivables	1
Other payables and accruals	(1,138)
Total identifiable net liabilities at fair value	(355)
Exchange reserve	(197)
	(552)
Merger reserve	1,677
Satisfied by cash	1,125

32. BUSINESS COMBINATION UNDER COMMON CONTROL *(Continued)*

Year ended 31 March 2017 *(Continued)*

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	(1,125)
Cash and bank balances acquired	662
Net outflow of cash and cash equivalents included in cash flows from investing activities	(463)

Since the acquisition, Hangzhou Jin Zhong Xing contributed HK$2,359,000 to the Group's revenue and HK$1,489,000 to the consolidated profit for the year ended 31 March 2017.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit for the year of the Group would have been HK$741,994,000 and HK$1,859,000, respectively.

33. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Amount due to related parties HK$'000	Convertible bonds HK$'000	Interest-bearing bank and other borrowings HK$'000
At 1 April 2017	—	—	—
Changes from financing cash flows	**240,591**	**57,059**	**301,198**
Fair value gain	—	**(716)**	—
Interest expense	—	**2,492**	—
Interest paid	—	**(1,729)**	—
Gain on modification on convertible bonds	—	**(684)**	—
Foreign exchange movement	**1,401**	**155**	**1,896**
At 31 March 2018	**241,992**	**56,577**	**303,094**

34. CONTINGENT LIABILITIES

In the ordinary course of the Group's building services business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

As at 31 March 2018, the Group had performance bonds issued by a bank in favour of certain contract customers amounting to HK$36,683,000 (2017: HK$35,465,000).

35. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other loans are included in notes 13 and 14 to the financial statements.

36. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its investment properties (note 14) under an operating lease arrangement, with leases negotiated for a term of three years. The term of the leases generally also requires the tenant to pay security deposits and provides for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under a non-cancellable operating lease with its tenant falling due as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**207**	18

(b) As lessee

The Group leases an office property under an operating lease arrangement. The lease for the property is negotiated for a term of two years.

At the end of the reporting period, the Group had total future minimum lease payments under a non-cancellable operating lease falling due as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**5,465**	3
In the second to fifth years, inclusive	**9,379**	—
	14,844	3

37. COMMITMENTS

At the end of the reporting period, the Group had the following significant capital commitments:

	2018 HK$'000	2017 HK$'000
Contracted, but not provided for:		
Construction of investment properties	**436,235**	—
Investment in an investment fund	**—**	225,840
	436,235	225,840

38. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2018 HK$'000	2017 HK$'000
Companies controlled by Mr. Wei:		
— Share of administrative expenses	**3,265**	—
— Sales and customer service fee#	**19,778**	—
— Interest expenses	**64**	—
— Rental income	**323**	—

The above transactions were conducted on terms and conditions mutually agreed between the relevant parties.

These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Certain companies controlled by Mr. Wei granted credit facilities to the Group for an aggregate amount of HK$755,100,000, which were not utilised as at 31 March 2018 (2017: Nil).

(c) Outstanding balances with related parties

(i) The Group had an outstanding balance due to its related party of HK$755,100 (2017: Nil) included in receipts in advance for rental income as at 31 March 2018. The balance is unsecured, interest-free and has no fixed terms of repayment.

(ii) Other than the balances with related parties disclosed elsewhere in these financial statements, the Group had no outstanding balances with related parties as at the end of the reporting period.

38. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of key management personnel of the Group:

	2018 HK$'000	2017 HK$'000
Short term employee benefits	**1,318**	3,937
Pension scheme contributions	**20**	—
Total compensation paid to key management personnel	**1,338**	3,937

Further details of directors' emoluments are included in note 8 to the financial statements.

39. FINANCIAL INSTRUMENTS BY CATEGORY

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

31 March 2018

Financial assets

	Available-for-sale investments HK$'000	Loans and receivables HK$'000	Financial assets at fair value through profit or loss — designated as such upon initial recognition HK$'000	Total HK$'000
Accounts receivable	—	114,638	—	114,638
Financial assets included in prepayments deposits and other receivables	—	55,366	—	55,366
Financial assets at fair value through profit or loss	—	—	15,167	15,167
Available-for-sale investments	37,662	—	—	37,662
Cash and bank balances	—	327,122	—	327,122
Investment in a film	—	13,844	—	13,844
	37,662	510,970	15,167	563,799

39. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

31 March 2018 *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost HK$'000	Total HK$'000
Accounts payable	**63,309**	**63,309**
Financial liabilities included in other payables and accruals	**254,607**	**254,607**
Liability component of convertible bonds	**56,193**	**56,193**
Interest-bearing bank and other borrowings	**303,094**	**303,094**
	677,203	**677,203**

31 March 2017

Financial assets

	Loans and receivables HK$'000	Financial assets at fair value through profit or loss — designated as such upon initial recognition HK$'000	Total HK$'000
Accounts receivable	136,380	—	136,380
Financial assets included in prepayments deposits and other receivables	1,070	—	1,070
Financial assets at fair value through profit or loss	—	20,213	20,213
Cash and bank balances	119,109	—	119,109
	256,559	20,213	276,772

39. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

31 March 2017 *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost HK$'000	Total HK$'000
Accounts and bills payables	53,697	53,697
Financial liabilities included in other payables and accruals	4,899	4,899
	58,596	58,596

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The carrying amounts and fair values of the Group's financial instruments reasonably approximate to fair values.

Management has assessed that the fair values of the current portion of deposits, accounts and other receivables, amounts due from related parties, cash and cash equivalents, accounts and other payables, and accruals of costs for contract works approximate to their carrying amounts largely due to the short term maturities of these instruments.

During the year ended 31 March 2018 and 2017, there were no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

The Group's principal financial instruments include interest-bearing bank and other borrowings, accounts and other receivables, deposits, accounts and other payables, accruals of costs for contract works, and cash and cash equivalents. Details of these financial instruments are disclosed in the respective notes to the financial statements.

The Group's ordinary activities expose it to various financial risks, including foreign currency risk, credit risk and liquidity risk. The risks associated with financial instruments and the policies on how to mitigate these risks are described below. Management monitors closely the Group's exposures to financial risks to ensure appropriate measures are implemented in a timely and effective manner.

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

Foreign currency risk

Foreign currency risk means the risk on the fluctuation of fair value or future cash flows of financial instruments which arose from changes in exchange rates.

As at 31 March 2018, certain of the Group's interest-bearing bank borrowings are denominated in EUR dollars, being currencies other than the functional currency of the relevant group entities, which expose the Group to foreign currency risk. The Group has not used any financial instruments to hedge against currency risk. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's building service business was located in Hong Kong and was transacted and settled in HK$ while the Group's investment and asset management services business is located in Mainland China and was transacted and settled in RMB. Accordingly, the directors considered that the Group's foreign currency risk was insignificant.

The following table demonstrates the sensitivity at 31 March 2018 to a reasonably possible change in the EUR dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of interest-bearing bank and other borrowings).

	Increase/ (decrease) in rates	Increase/ (decrease) in profit before tax HK$'000
2018		
If HK$ weakens against EUR	**10%**	**14,668**
If HK$ strengthens against EUR	**(10%)**	**(14,668)**

Credit risk

The Group's credit risk is primarily attributable to bank balances, and accounts and other receivables. The Group's maximum credit risk exposure at 31 March 2018 and 2017 in the event of other parties failing to perform their obligations is represented by the carrying amount of each financial asset as stated in the consolidated statement of financial position.

Management monitors the creditworthiness and payment pattern of each debtor closely and on an ongoing basis. The Group's accounts receivable from contract works represent interim payments or retentions certified by the customers under the terms as stipulated in the contracts and the Group does not hold any collateral over these receivables. As the project employers in respect of the Group's contract works primarily consist of government departments and developers or owners with strong financial backgrounds, management considers that the risk of irrecoverable receivables from contract works is not significant. For the Group's accounts receivable from investment and asset management services, since the Group conducts business with creditworthy third parties, the Group's exposure to bad debts is not significant.

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

Credit risk *(Continued)*

At 31 March 2018, the Group had certain concentrations of credit risk as 20% (2017: 1.5%) of the total accounts receivable were due from the Group's largest external customer and 35% (2017: 42.9%) of the total accounts receivable were due from the Group's five largest external customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts and other receivables are disclosed in notes 20 and 21, respectively, to the financial statements.

Liquidity risk

The Group's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term. In addition, banking facility has been put in place for contingency purposes.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates as at the end of the reporting period) and the earliest date that the Group could be required to repay:

	Within 1 year or on demand HK$'000	In the second year HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
As at 31 March 2018				
Accounts and bills payable	**56,025**	**7,037**	**247**	**63,309**
Interest-bearing bank and other borrowings	**93,900**	**2,874**	**217,260**	**314,034**
Other payables	**254,607**	**—**	**—**	**254,607**
Convertible bonds	**—**	**56,808**	**—**	**56,808**
	404,532	**66,719**	**217,507**	**688,758**

	Within 1 year or on demand HK$'000	In the second year HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
As at 31 March 2017				
Accounts and bills payable	47,402	6,160	135	53,697
Other payables	4,355	—	—	4,355
	51,757	6,160	135	58,052

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

Capital management

The primary objective of the Group's capital management policy is to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors review the capital structure on a periodical basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital and will balance the Group's overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debts are calculated as the total of interest-bearing bank and other borrowings and amounts due to a company controlled by Mr. Wei less cash and cash equivalents. Total capital refers to equity attributable to owners of the parent and liability component of convertible bonds. The gearing ratio as at 31 March 2018 and 2017 was as follows:

	2018 HK$'000	2017 HK$'000
Interest-bearing bank and other borrowings (note 25)	**303,094**	—
Amounts due to a company controlled by Mr. Wei (note 24)	**241,992**	—
Less: Cash and cash equivalents (note 22)	**(327,122)**	(119,109)
Net debts	**217,964**	(119,109)
Liability component of the convertible bonds (note 26)	**56,193**	—
Equity attributable to owners of the parent	**445,794**	256,256
Adjusted capital	**501,987**	256,256
Capital and net debt	**719,951**	—
Gearing ratio (%)	**30%**	N/A

41. EVENTS AFTER THE REPORTING PERIOD

On 22 May 2018, the Group entered into a sale and purchase agreement with Mr. Wei to acquire 100% equity interest of Gold-Finance (New Holdings) Co., Limited ("Gold-Finance (New Holdings)"), a private company incorporated in the Cayman Islands, for a consideration of HK$8 million, which will be settled by way of issue of fixed coupon note of a principal amount of HK$8 million at an interest rate of 3% per annum to be issued by the Company. Gold-Finance (New Holdings) holds 100% equity interest of Zhejiang Jin Guan Cheng Fund Sales Company Limited# (浙江金觀誠基金銷售有限公司), a private company incorporated in PRC which engages in business of wealth and asset management. Up to the date of this report, the aforesaid transaction has not been completed and is still subject to the fulfillment of a number of conditions precedent. The Company is still conducting legal and financial due diligence on Gold-Finance (New Holdings) and its subsidiaries. Further details about the acquisition are set out in the Company's announcement dated 22 May 2018.

The English name of the company is for identification purposes only as it has not registered any official English name.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	13	17
Deposit paid for the acquisition of an equity interest investment	—	50,509
Investment in a subsidiary	114,352	114,352
Total non-current assets	114,365	164,878
CURRENT ASSETS		
Due from a subsidiary	385,239	22,201
Cash and cash equivalents	41,225	36,003
Prepayments, deposits and other receivables	3,091	253
Total current assets	429,555	58,457
CURRENT LIABILITIES		
Other payables and accruals	2,734	1,733
Due to a subsidiary	90,974	119
Total current liabilities	93,708	1,852
NET CURRENT ASSETS	335,847	56,605
TOTAL ASSETS LESS CURRENT LIABILITIES	450,212	221,483
NON-CURRENT LIABILITIES		
Convertible bonds	56,193	—
Interest-bearing borrowings	169,047	—
Total non-current liabilities	225,240	—
Net assets	224,972	221,483
EQUITY		
Issued capital	4,000	4,000
Reserves (note)	220,972	217,483
Total equity	224,972	221,483

Wei Jie	**Wong Kam Ting**
Director	*Director*

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

Note:

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

	Share premium HK$'000	Equity component of convertible bonds HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2016	203,061	—	—	24,718	227,779
Equity-settle share option arrangements	—	—	3,387	—	3,387
Loss and total comprehensive loss for the year	—	—	—	(13,683)	(13,683)
At 31 March 2017 and 1 April 2017	203,061	—	3,387	11,035	217,483
Issue of convertible bonds	—	384	—	—	384
Profit and total comprehensive income for the year	—	—	—	3,105	3,105
At 31 March 2018	**203,061**	**384**	**3,387**	**14,140**	**220,972**

43. COMPARATIVE AMOUNTS

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

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 June 2018.