宏 安 地 產
WANG ON PROPERTIES

Incorporated in Bermuda with limited liability
Stock Code : 1243

THE CORNERSTONE TO BUILD THE FUTURE

A PASSION FOR TOMORROW

見愛•建明天

Annual Report 2018

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yiu Hung Gary, *Chief Executive Officer*
Mr. Tang Ho Hong

Non-executive Director

Mr. Chan Chun Hong, *Chairman*

Independent Non-executive Directors

Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung

AUDIT COMMITTEE

Mr. Li Wing Sum Steven, *Chairman*
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung

REMUNERATION COMMITTEE

Sr Dr. Leung Tony Ka Tung, *Chairman*
Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Mr. Chan Chun Hong
Mr. Wong Yiu Hung Gary

NOMINATION COMMITTEE

Mr. Chan Chun Hong, *Chairman*
Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung
Mr. Tang Ho Hong

EXECUTIVE COMMITTEE

Mr. Wong Yiu Hung Gary, *Chairman*
Mr. Tang Ho Hong

COMPANY SECRETARY

Ms. Wong Chin Han

AUTHORISED REPRESENTATIVES

Mr. Chan Chun Hong
Mr. Wong Yiu Hung Gary

AUDITORS

Ernst & Young

LEGAL ADVISERS

Reed Smith Richards Butler
DLA Piper Hong Kong
Gallant

COMPLIANCE ADVISER

Kingston Corporate Finance Limited

PRINCIPAL BANKERS

The Bank of East Asia, Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Co., Ltd
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

CORPORATE INFORMATION (CONTINUED)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3201, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

BOARD LOT

4,000 shares

INVESTOR RELATIONS

Email: pr@woproperties.com

HOMEPAGE

www.woproperties.com

STOCK CODE

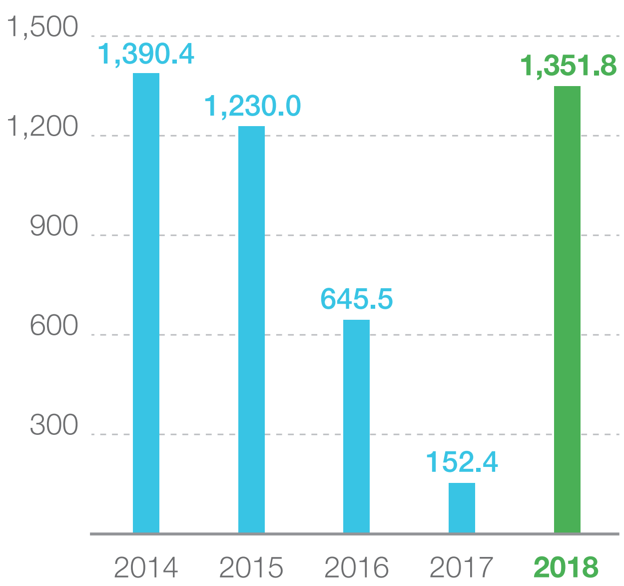
1243

FINANCIAL HIGHLIGHTS

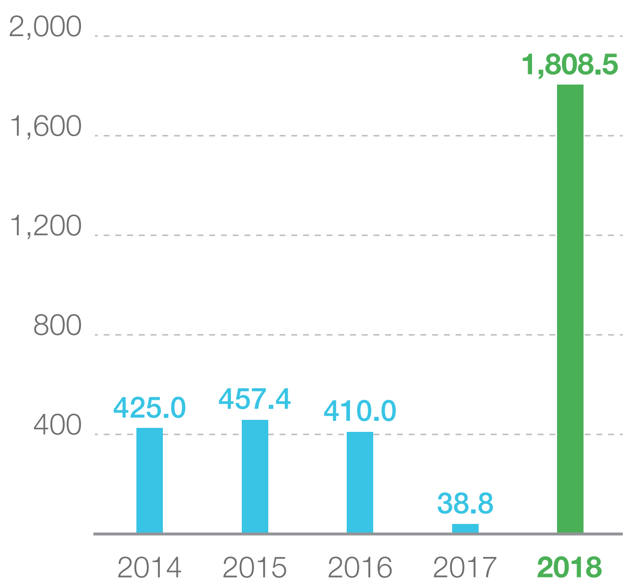
	Year Ended 31 March	
	2018	2017
Revenue	**HK$1,351.8 million**	HK$152.4 million
Profit attributable to owners of the parent	**HK$1,808.5 million**	HK$38.8 million
Basic earnings per share	**HK11.90 cents**	HK0.26 cents

	Year Ended 31 March	
	2018	2017
Total assets	**HK$10,147.7 million**	HK$8,028.1 million
Net assets	**HK$4,183.9 million**	HK$2,391.6 million
Net asset value per share	**HK$0.28**	HK$0.16
Gearing ratio	**41.0%**	60.7%

REVENUE
HK$ million

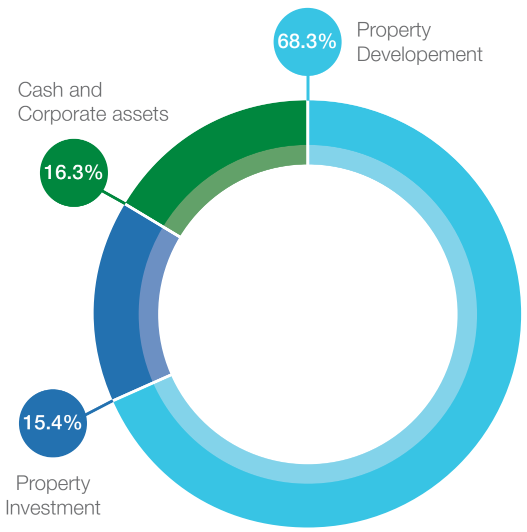


PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT
HK$ million

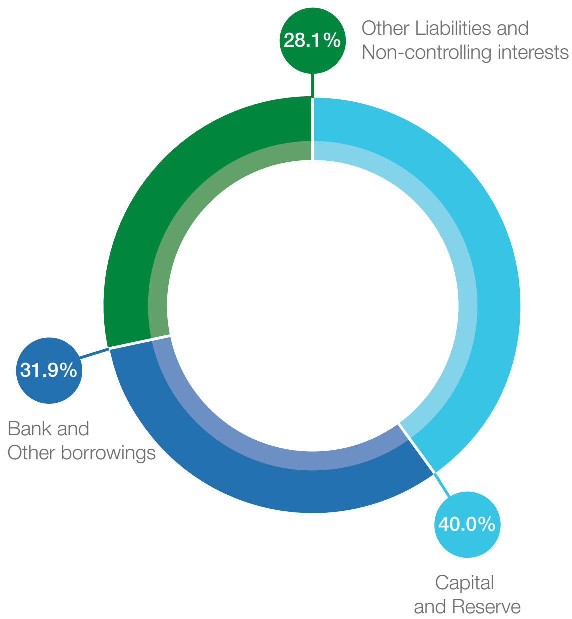


FINANCIAL HIGHLIGHTS (CONTINUED)

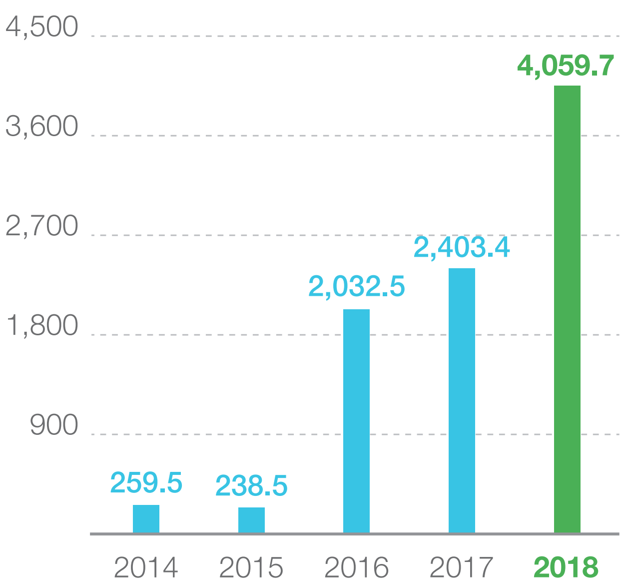
ASSETS EMPLOYED
As at 31 March 2018



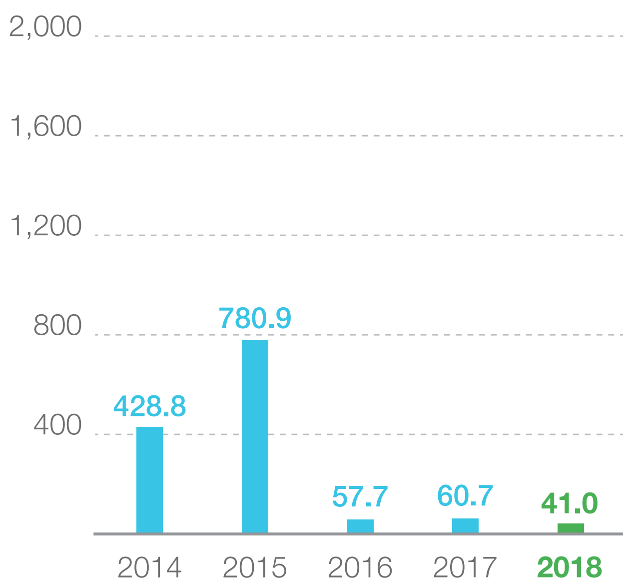
CAPITAL AND LIABILITIES
As at 31 March 2018



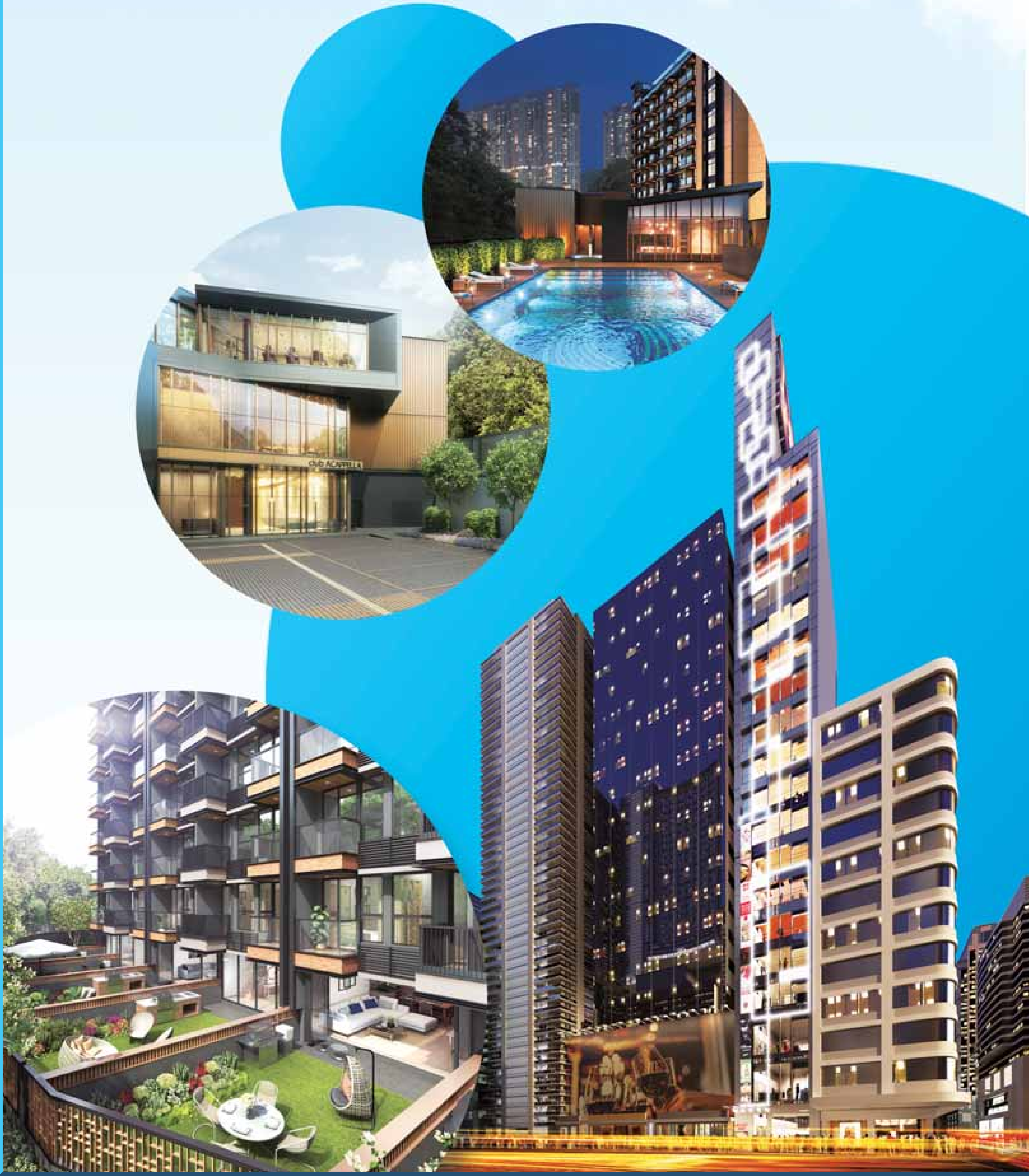
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT
HK$ million



GEARING RATIO
Percentage



CHAIRMAN's Statement



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

For the year ended 31 March 2018, the global economy turned for the better. In Hong Kong, land and property prices reached new highs from time to time, driven by the robust local housing demand and the inflow of mainland capital for industrial, commercial and residential properties. The local property market remained bullish despite facing such uncertainties such as geopolitical tensions, interest rate hikes from the US Federal Reserve and the local government's cooling measures for the property market. Wang On Properties Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") continued to focus on developing residential projects that meet market demand and yielded satisfactory results during the year.

REVIEW OF OPERATIONS

The Company maintained a balanced property portfolio covering residential and commercial property development and commercial investment projects to provide the Group with stable and diversified revenue stream. For each project, the Group meticulously selected project location and presented superior design and well-considered layouts, all in line with its accurate brand positioning. For all the Group's residential and commercial properties, we would plan the design by taking their location merits and surroundings into account, so as to boost their value and meet different demands from target customers.

Guided by an accurate market positioning and flexible marketing strategies in response to market changes, we delivered steady progress and recorded annual contracted sales of approximately HK$1.6 billion. This had brought stable cash flows to the Group and fueled its profit and revenue.

Residential Property Development

Regarding residential property development, the Group managed to develop an exquisite residential series "**The Met.**" that targets small families and young home buyers. In addition to its trendy design and space utilisation, "**The Met.**" is advantageously located with convenient transportation and living facilities, which has rendered the brand a well-received one.

During the year under review, the Group obtained the pre-sale consent for its residential project, **The Met. Acappella (Sha Tin Town Lot No. 587 of Tai Wai section, Tai Po Road)** and started its pre-sale. As at the date of this annual report, a total of 287 units out of 305 units released were sold, which translated into a contracted sales of approximately HK$1.9 billion and laid the foundation for the Group to earn a continuous stream of stable revenue.

CHAIRMAN'S STATEMENT (CONTINUED)

In 2016, pre-sale started for the Group's two residential projects in Ma On Shan, namely, **The Met. Bliss (Hang Kwong Street, Ma On Shan)** and **The Met. Blossom (Ma Kam Street, Ma On Shan)**, which were jointly developed by the Group and Kam Wah Property Holdings Limited ("**Kam Wah**"). The market responded warmly to the projects, contributing a considerable sum to the Group. As trendy hotel-style residences, both projects provide stylish serviced apartments, targeting young inhabitants who pursue a quality, healthy and convenient lifestyle. As at the date of this annual report, **The Met. Blossom** secured total contracted sales of approximately HK$2.5 billion; the project is expected to be delivered in the third quarter of 2018. **The Met. Bliss** started its delivery in March 2018, with the total sales amounting to approximately HK$1.5 billion.

Commercial Property Development

Regarding commercial property development, the Group was working to build the brand "**Ladder**", which focuses on multi-storey Ginza type commercial complexes positioned as iconic commercial landmarks integrating fashion, catering, leisure and entertainment. The Ginza type commercial complex located at **Nos. 575-575A Nathan Road, Mongkok**, saw its construction completed and market launch started in the first quarter of 2018. The 19-storey commercial complex, adjacent to Mongkok and Yau Ma Tei MTR Stations, stands as a premium property favorably situated in the key shopping area of Kowloon.

Property Investment

In addition to self-developed properties, the Group also holds a portfolio of high-quality properties, including first-tier office properties and shopfronts for lease and investment. On the one hand, these property investments can provide stable recurring cash flows to finance the Group's working capital needs. On the other hand, these premium properties also offer opportunities of capital appreciation. The Group combines residential property development, commercial property development and property investment to balance the revenue from various sources effectively.

The Group reviews and optimises its property investment portfolio from time to time. The contracted sales of the Group's property investment amounted to approximately HK$440 million as at the date of this annual report.

OUTLOOK

Strong demand from local home buyers has pushed residential property prices and the number of transactions to new highs in Hong Kong. In light of that, the Group is upbeat about the new projects to go on sale. Specifically, the Group remains cautiously optimistic about the outlook of the Hong Kong property market. It will continue to exercise caution in response to market changes, seek appropriate projects and develop premium locations to generate satisfactory capital gains and investment returns for its shareholders.

To support the Group's stable and sustainable development, we will keep exploring and expanding our financing channels such as bond issuance and syndicated loans. Such efforts aim to further boost the Company's financial strength, inject more impetus into the Group's business expansion and ultimately provide greater returns for shareholders and investors.

Projects on Sale for the Year

The Met. Acappella is adjacent to Tai Wai MTR Station and connected to multiple cross-tunnel arteries. In line with the brand positioning of "**The Met**." and advantageously located with convenient transportation, the project supplies around 336 units featuring fresh air, breathtaking green views and a good taste of rich metropolitan life. The Group started the pre-sale of the property project in the fourth quarter of last year. Since then, the project has been supported by the robust demand from home buyers and investors. Its studios, in particular, are most well-received. Construction of the project is expected to be completed in 2019, with revenue to be confirmed upon completion of construction and delivery of the units.

Land Bank

As part of the effort to refurnish its land bank, the Group has been an active participant in government land auctions and project acquisitions, prioritising favorable locations with convenient transportation and comprehensive living facilities nearby. This is to ensure consistent brand positioning for future property development. During the year, the Group attained good progress in replenishing land, with the following projects adding approximately 778,500 square feet to its land bank.

The Group's **Whitehead project (Sha Tin Town Lot No. 601)** is in close vicinity to Wu Kai Sha MTR Station and enjoys unlimited access to the enchanting view of Tolo Harbour. The project is expected to build houses and luxury residence on a permissible gross floor area ("**GFA**") of approximately 388,000 square feet, providing around 500 units. Its advantageous location offers a spectacular view of Tolo Harbour. Construction of the project is expected to be completed in 2020. The Group is a co-developer holding 40% equity interest of the project together with Clear Idea International Limited ("**Clear Idea**", an indirect wholly-owned subsidiary of Country Garden Holdings Company Ltd. – a top five real estate developer in the People's Republic of China (the "**PRC**")).

CHAIRMAN'S STATEMENT (CONTINUED)

During the financial year, the Group completed the payment of land premium for the site located at **Nos. 13 and 15 Sze Shan Street, Yau Tong (Yau Tong Inland Lot No. 41)**. Positioned as leisurely and noble, this commercial and residential project is adjacent to Yau Tong MTR Station, a transfer station between the Kwun Tong line and the Tseung Kwan O line. The project is expected to provide around 300 units on a permissible GFA of approximately 272,000 square feet, with construction planned to be completed in 2020. The Group is a co-developer holding 50% equity interest of the project by way of a joint venture with CIFI Holdings (Group) Co. Ltd. ("**CIFI Group**"), a top 20 real estate developer in the PRC.

The Group managed to obtain 100% ownership of **Nos. 86A-86D Pokfulam Road, West Mid-levels**, with a permissible residential GFA expected to be approximately 28,500 square feet. Located within the school net of Central and Western District, the land provides access to convenient transportation and open mountain landscape. The Group is in the planning stage for this project, which is expected to be developed into luxury houses. The Group is a co-developer holding 70% equity interest of the project with Kam Wah.

In April 2018 (after the year under review), the Group also won the bid for a premium government land plot located in **Tsing Yi, at the junction of Liu To Road and Hang Mei Street (Tsing Yi Town Lot No. 192)**. The location allows a lovely distant view of Ma Wan Channel. Commercial and residential properties can be developed on the land parcel, with its permissible GFA expected to be approximately 90,000 square feet. The Tsing Yi land plot provides access to a well-developed transportation network, with only a few minutes of drive to Tsing Yi MTR Station and connection to a number of highways including Tsing Ma Bridge, Tai Lam Tunnel and Ting Kau Bridge of Tuen Mun Road. The Group plans to develop it as part of the "**The Met**." series of boutique residential units, by tapping into its connection to multiple arteries for convenient transportation and advantageous living facilities of the area.

In addition to its active ramping up of land bank and involvement in land tendering, the Group also continues to pursue co-development opportunities with partners, in a bid to improve the synergy of its projects, apply its capital strategically and further enlarge its market share. Meanwhile, we participate in land tendering programs in a rational way, based on detailed analysis of overall costs and objective assessment of the potentials of proposed property projects. The Group will also actively look for opportunities to acquire commercial and industrial properties for investment, so as to build a flexible and diversified asset portfolio and better cope with market changes.

GIVING BACK TO COMMUNITY

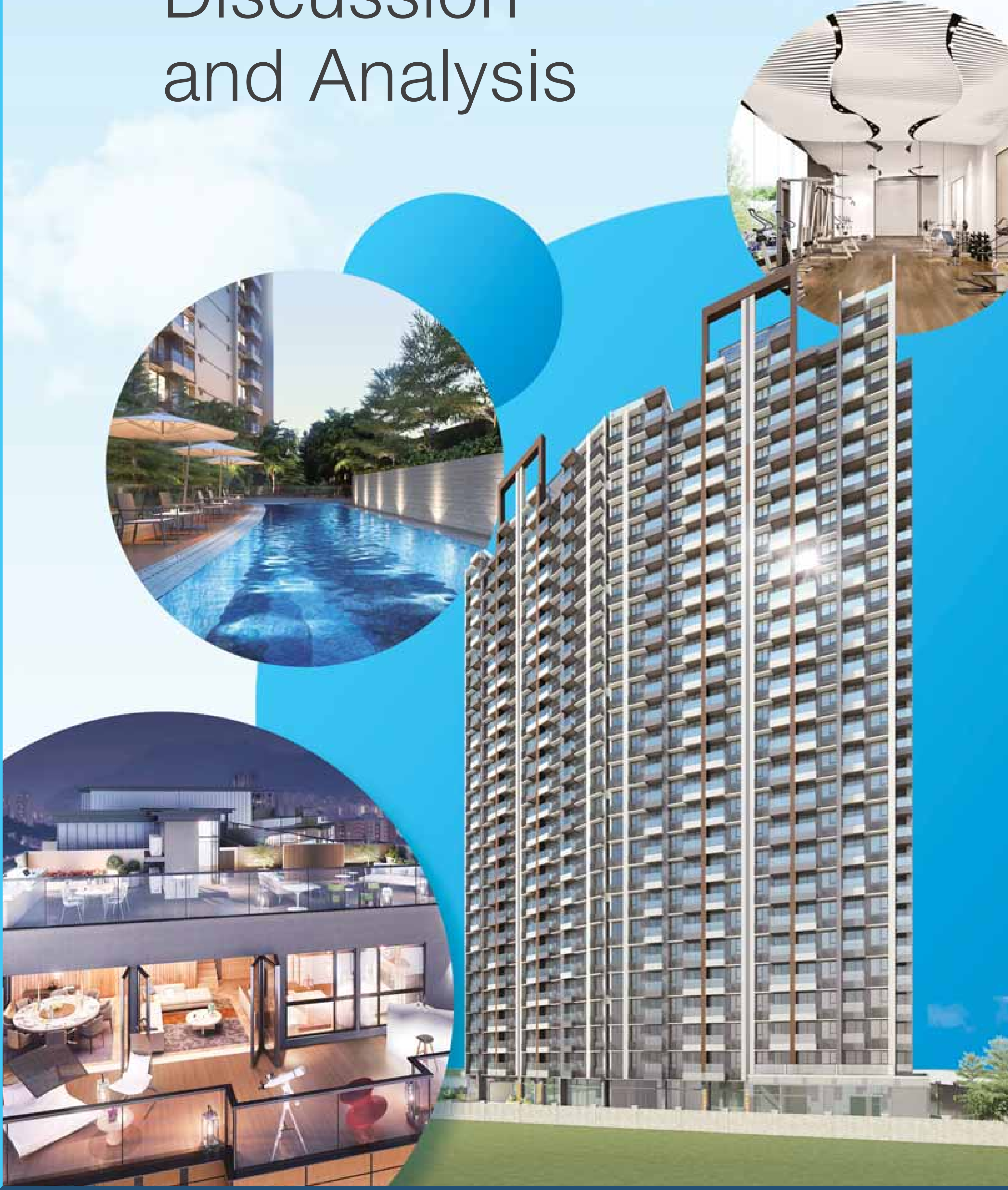
As a corporate citizen, we remain active in giving back to our communities and are committed to our corporate social responsibility, while protecting shareholder value. For years, the Group has been offering donations and support to charities from various sectors, including providing assistance to low-income and disadvantaged groups, in an effort to practice the spirit of care and love. During the year under review, the Group sustained its sponsorships and donations for the schooling of children from disadvantaged families in Hong Kong, non-local freshmen and protection of the natural environment. As part of its charitable cause, the Group joined hands with its parent company Wang On Group Limited ("**WOG**") to host vegetarian charity dinner in support of children with special educational needs from low-income families. For details of our environmental protection, social and governance-related work during the year under review, please refer to the disclosure in our "Environmental, Social and Governance Report" of this annual report.

APPRECIATION

The Group was able to maintain stable and healthy development amidst a market environment featuring stiff competition. On behalf of the board of directors of the Company (the "**Board**" or the "**Directors**"), I would like to express my sincere appreciation to all the staff for their unremitting efforts and contribution over the year. I would also like to thank all our shareholders for their trust and support to the management team.

Chan Chun Hong
Non-executive Chairman
Hong Kong, 20 June 2018

MANAGEMENT Discussion and Analysis



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the financial year ended 31 March 2018, the Group's revenue and profit attributable to owners of the parent amounted to approximately HK$1,351.8 million (2017: approximately HK$152.4 million) and approximately HK$1,808.5 million (2017: approximately HK$38.8 million), respectively.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK0.65 cent (2017: Nil) per ordinary share for the year ended 31 March 2018 to shareholders whose names appear on the register of members of the Company as of Thursday, 6 September 2018. The final dividend will be paid on or around Monday, 17 September 2018, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Wednesday, 29 August 2018. Together with the special dividend of HK1.0 cent paid on 16 March 2018 (2017 full financial year: Nil) per ordinary share, the total dividends for the year ended 31 March 2018 will be HK1.65 cents (2017: Nil) per ordinary share.

BUSINESS REVIEW

The Group's revenue for the year ended 31 March 2018 amounted to approximately HK$1,351.8 million (2017: approximately HK$152.4 million), which represented a significant increase of approximately HK$1,199.4 million compared with last year. This was mainly attributable to completion and delivery of one of the Ma On Shan projects, **The Met. Bliss (Hang Kwong Street, Ma On Shan)** in March 2018. Profit attributable to owners of the parent for the year was approximately HK$1,808.5 million (2017: approximately HK$38.8 million). The remarkable increase in profit recorded was attributable to the profit recognition of **The Met. Bliss** and the gain on disposal of 50% and 60% shareholdings of two subsidiaries which hold the property development projects, **Nos. 13 and 15 Sze Shan Street, Yau Tong** and **Yiu Sha Road, Whitehead, Ma On Shan (Sha Tin Town Lot No. 601)**, respectively. The review of the individual business segments of the Group is set out below.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Property Development

Revenue recognised in this business segment during the year amounted to approximately HK$1,333.5 million (2017: approximately HK$46.0 million) which was contributed mainly by completion and delivery of **The Met. Bliss**. The Group owns 60% equity interest in this development project and the results and financial position are consolidated into the financial statements of the Group.

The contracted pre-sales of **The Met. Blossom (Ma Kam Street, Ma On Shan)**, another Ma On Shan project, (which will be recognised (subject to audit) as revenue of the Group upon completion and delivery) amounted to approximately HK$2.5 billion as at the date of this annual report. The project is expected to be delivered in the third quarter of 2018. The Group owns 60% equity interest in this development project and the results and financial position are consolidated into the financial statements of the Group. The Group is responsible for the project management of these two Ma On Shan projects.

The Group's third residential project in the Sha Tin district, the site at **Tai Po Road – Tai Wai section (Sha Tin Town Lot No. 587), The Met. Acappella**, has launched the pre-sales in November 2017. As at the date of this annual report, 287 out of 305 units released were sold and the contracted pre-sales (which will be recognised (subject to audit) as revenue of the Group upon completion and delivery) amounted to approximately HK$1.9 billion. **The Met. Acappella** is a residential building consisting of two wings of 12-storeys and 13-storeys respectively, offering around 336 units. It comprises diversified unit layouts including studios, one-bedroom units, one-bedroom (with storeroom or study room) units, that account for over 80% of all units. The project also offers garden duplex units and penthouse units with rooftop terrace. **The Met. Acappella** is designed to incorporate the natural scenery of neighbouring areas, enabling its residents to enjoy fresh air and breathtaking green views in this bustling city. With the excellent and convenient transport network, **The Met. Acappella** also allows its residents to indulge in all-round shopping, dining, entertainment and leisure activities, satisfying the needs of pursuing quality lifestyle. The project is undergoing the construction of the superstructure and is expected to be completed in 2019.

The site at **Nos. 575-575A Nathan Road, Mongkok** has completed the construction works and the occupation permit was granted in February 2018 and classified as properties held for sale. This development is a 19-floor Ginza type commercial complex under the brand "**Ladder**".

The Group has reached a consensus with the Lands Department regarding land premium of the redevelopment project — **Nos. 13 and 15 Sze Shan Street, Yau Tong** in June 2017. The land premium payment amounted to approximately HK$983.0 million. On 7 June 2017, Swift

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Prosper Limited (the "**Vendor**"), an indirectly wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement (the "**Agreement**") with Xu Qi Co. Limited (the "**Purchaser**", an indirectly wholly-owned subsidiary of CIFI Group, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, 50% of entire issued share capital and the assignment of the shareholder's loan of Wonder Sign Limited ("**Wonder Sign**"), the then indirectly wholly-owned subsidiary of the Company, for the consideration of approximately HK$713.7 million. Wonder Sign is an investment holding company and its sole business is the holding of the entire issued share capital of Double Bright Limited ("**Double Bright**"), the then indirectly wholly-owned subsidiary of the Company. Double Bright is the registered owner of the project at **Nos. 13 and 15 Sze Shan Street, Yau Tong**. Completion took place simultaneously upon signing of the Agreement on 7 June 2017. Details of the transaction were set out in the joint announcement published by the Company and WOG on 7 June 2017 and the circular of WOG dated 26 July 2017. The project has completed the foundation works and is undergoing the construction of superstructure. This development project is expected to be completed in 2020. The Group is responsible for the project management of this project.

On 19 May 2017, the Group has successfully acquired the entire issued share capital and the shareholders' loans of Loyal Pioneer Limited ("**LPL**"), the holding company of the site at **Yiu Sha Road, Whitehead, Ma On Shan (Sha**

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Tin Town Lot No. 601). The site will be developed into a residential project with a site area of approximately 253,000 square feet and an estimated GFA of approximately 388,000 square feet. On 8 September 2017, the Group has entered into an agreement to sell 60% of the entire issued share capital and the assignment of the shareholder's loan of Ease Mind Investments Limited ("**Ease Mind**"), the then indirectly wholly-owned subsidiary of the Company and the immediate holding company of LPL, to Clear Idea, at the consideration of approximately HK$2,441.3 million. Details of the transaction were set out in the circular of the Company dated 12 October 2017. The site is undergoing the foundation works.

Upon completion of the above disposals of Wonder Sign and its subsidiary ("**WS Group**") and Ease Mind and its subsidiary ("**EM Group**"), WS Group and EM Group ceased to be subsidiaries of the Group, therefore result in the deconsolidation of the assets and liabilities of WS Group and EM Group from the consolidated financial statements of the Group, then accounted for as joint ventures of the Group.

In December 2017 and March 2018, Rich United Limited ("**Rich United**"), an indirectly wholly-owned subsidiary of the Company, has entered into separate sales and purchase agreements for the acquisition of all of the 16 properties located at **Nos. 86A-86D Pokfulam Road, Hong Kong**. On 19 April 2018, Silver Surplus Limited, an indirectly wholly-owned subsidiary of the Company, has entered into an agreement to sell 30% of the entire issued share capital and the assignment of the shareholder's loan of Golden Noble Investments Limited, the then indirectly wholly-owned subsidiary of the Company and holding the entire issued share of Rich United indirectly, at the consideration of approximately HK$103.8 million. Completion took place simultaneously upon signing of the agreement on 19 April 2018. The purchaser is an associate of a director of two non wholly-owned subsidiaries of the Company, which constitutes a connected transaction for the Company. Details of this transaction were set out in the announcement of the Company issued jointly with WOG dated 19 April 2018. On 20 April 2018, Rich United was successfully completed the acquisition and this project will be redeveloped into luxurious properties.

On 12 April 2018, the Group has won the tender for land plot located at the **junction of Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192)** at a total consideration of HK$867.3 million. The Group intends to develop the land under the exquisite residential property series "**The Met.**", to build on the brand's remarkable track record, further strengthening the presence of the Group's residential property brand. The land plot is located at **Tsing Yi Town Lot No. 192, at the junction of Liu To Road and Hang Mei Street, Tsing Yi**. The project occupies approximately 14,400 square feet with an expected total permitted residential and commercial floor area of approximately 90,000 square feet. It can be used for both commercial and residential development and is to provide a public transportation terminal (minibus station).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As at 31 May 2018, the Group had a development land portfolio as follows:

Location	Approximate site area *(Square feet)*	Approximate GFA *(Square feet)*	Intended usage	Anticipated year of completion	Interest attributable to the Group
Ma Kam Street, Ma On Shan (Sha Tin Town Lot No. 599)	33,300	200,000	Residential	2018	60%
Tai Po Road – Tai Wai section (Sha Tin Town Lot No. 587)	71,000	148,000	Residential	2019	100%
Nos. 13 and 15 Sze Shan Street, Yau Tong	41,000	272,000	Residential and Commercial	2020	50%
Yiu Sha Road, Whitehead (Sha Tin Town Lot No. 601)	253,000	388,000	Residential	2020	40%
Nos. 86A-86D Pokfulam Road	28,500	28,500	Residential	2021	70%
Junction of Liu To Road and Hang Mei Street (Tsing Yi Town Lot No. 192)	14,400	90,000	Residential and Commercial	2022	100%

To increase the land banks and achieve sustainable operation, the Group has been exploring different opportunities, including public tender, old building acquisition, land use conversion, etc. The Group will also continue seeking collaboration with external parties to capture the synergies for streamlined costs and heftier revenues. The Group is cautiously optimistic about Hong Kong's property market and will continue to strengthen the quality and branding of the property development projects.

Property Investment

As at 31 March 2018, the Group's portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK$1,517.3 million (2017: approximately HK$1,229.3 million).

During the year, the Group received a gross rental income of approximately HK$22.6 million (2017: approximately HK$25.9 million), representing a decrease of approximately HK$3.3 million over last year. The decrease in gross rental income was primarily attributable to the disposal of several properties near the end of the year ended 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

On 7 February 2018, East Run Investments Limited ("**East Run**"), an indirectly wholly-owned subsidiary of the Company, entered into an agreement with an indirectly wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited ("**WYT**"), in respect of the sale of the entire issued share capital in, and all shareholder's loans owed by four the then directly wholly-owned subsidiaries (the "**Target Companies**") of East Run at a consideration of HK$350.0 million. The Target Companies are the registered owners of four investment properties located in Mongkok, Causeway Bay, Shau Kei Wan and Tai Po, respectively. Details of the transaction were set out in the circular of the Company dated 29 March 2018. Completion took place on 25 April 2018.

On 29 March 2018, East Run entered into a provisional sale and purchase agreement with an independent third party, to sell the entire issued share capital and assign the benefit of the shareholder's loans of Antic Investment Limited ("**Antic**") for the consideration of HK$83.8 million. Antic is the registered owner of the investment property located on Ground Floor including Cockloft, Foon Shing Building, No. 732 Nathan Road, Kowloon. Completion will take place on or before 31 July 2018 or such other date both parties may agree in writing.

On 12 April 2018, the Group entered into a preliminary agreement with an independent third party to sell the entire issued share capital and the assignment of the shareholder's loan of PT Harvest Holdings Limited ("**PT Harvest**") which principally holds, office units and carparks units located at Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, at a consideration of approximately HK$324.5 million. Completion of which is expected to be taken place on 8 October 2018.

The assets and liabilities of the Target Companies, Antic and PT Harvest are classified as assets of disposal subsidiaries classified as held for sale and liabilities directly associated with the assets classified as held for sale, respectively.

The Group will continue to review the portfolio of investment properties for both the recurring income and capital appreciation.

Reference is also made to the prospectus of the Company dated 30 March 2016 (the "**Prospectus**"), 48 residential investment properties ("**Excluded Properties**") which were not injected into the Group as part of the spin-off listing of the Company in April 2016, the Company has been informed by WOG that 27 out of these 48 Excluded Properties were sold as of 31 March 2018. One of these 27 properties was completed and delivered to the buyer in May 2018.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group's total assets less current liabilities were approximately HK$6,746.7 million (2017: approximately HK$4,807.9 million) and the current ratio was approximately 2.09 times as at 31 March 2018 (2017: approximately 1.97 times). As at 31 March 2018, the Group had cash and cash equivalents of approximately HK$1,558.8 million (2017: approximately HK$1,357.2 million).

Aggregate bank borrowings as at 31 March 2018 amounted to approximately HK$3,224.0 million (2017: approximately HK$2,817.1 million). The gearing ratio was approximately 41.0% (2017: approximately 60.7%), calculated by reference to the Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 31 March 2018, the Group's property, plant and equipments, investment properties, properties under development and properties held for sale, with carrying value of approximately HK$94.4 million, HK$1,497.3 million, HK$1,168.3 million and HK$576.5 million, respectively (2017: investment properties of approximately HK$1,210.1 million and properties under development of approximately HK$1,756.7 million) were pledged to secure the Group's general banking facilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's capital commitment as at 31 March 2018 amounted to approximately HK$1,564.4 million (2017: approximately HK$2,251.6 million). The Group has given guarantee to banks in connection with facilities granted to Double Bright and LPL up to HK$2,158.8 million and were utilised to the extent of HK$1,033.3 million as at 31 March 2018.

The Group strengthens and improves its risk control on a continual basis and adopted a prudent approach in financial management. Financial resources are under close monitor to ensure the Group's smooth operation, as well as flexibility to respond to market opportunities and uncertainties. The management of the Group is of the opinion that the Group's existing financial structure and resources are healthy and sufficient for the Group's needs in the foreseeable future.

DEBT PROFILE AND FINANCIAL PLANNING

As at 31 March 2018, interest-bearing debt profile of the Group was analysed as follows:

	31 March 2018 HK$'000	31 March 2017 HK$'000
Bank loans repayable:		
Within one year	**780,223**	361,251
In the second year	**878,382**	122,037
In the third to fifth years, inclusive	**1,385,649**	2,102,345
Beyond five years	**179,778**	231,440
	3,224,032	2,817,073
Other loans repayable:		
Within one year	**13,397**	28,845
	3,237,429	2,845,918

The effective interest rate of bank loans is approximately 2.8% per annum (2017: approximately 2.3%) and other loans carries at a fixed interest rate 6%.

TREASURY POLICY

The Group's treasury policy includes diversifying the funding sources. Internally generated cash flow and interest-bearing bank borrowings during the year are the general source of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FOREIGN EXCHANGE

The management of the Group is of the opinion that the Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollars. The revenue of the Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group therefore has not engaged in any hedging activities during the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group had 101 (2017: 57) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, the Group provides discretionary bonuses based on individual performance and its business performance, medical insurance coverage and a wide range of leave entitlements. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

CORPORATE SOCIAL RESPONSIBILITY

The Group acknowledges its corporate social responsibility to share some burden in building the society where its business has been established and thrived. During the year, the Group has participated different charity activities, e.g. donation of charity mooncakes jointly with WYT, Community Chest Dress Causal Day, Lifewire Charity Run etc. The Group will keep the passion on the contribution of resources and caring to the society.

ENVIRONMENTAL MATTERS

The Group has taken measures to promote environmental-friendliness of the workplace by encouraging paper-recycling culture and energy-saving culture within the Group. The Group also participated in the BEAM Plus assessment scheme, a comprehensive environmental assessment scheme for buildings recognised by the Hong Kong Green Building Council, for the development of some of our properties, including **The Met. Bliss**, **The Met. Blossom**, and **The Met. Acappella**, by engaging a third-party consultancy company for the provision of services in respect of BEAM Plus Certification and other environmental assessments.

For all the development projects, the design and specifications of the Mechanical, Electrical and Plumbing (MEP) systems conform to latest Building Energy Codes. The Group also outsourced all of the construction-related work for our property development projects to independent construction companies. Our contractors in relation to our property development business are subject to various environmental laws and regulations, including those relating to waste disposal, water pollution control, air pollution control, drainage control and noise control. They are also required to submit for approval and to subsequently implement a waste management plan for all construction sites of the development projects to ensure the compliance.

RISK FACTORS

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses, including the following highlighted risks:

- our business is dependent on the economic conditions in Hong Kong, particularly the performance of the property market in Hong Kong;
- we may not be able to identify and acquire land bank which is suitable and desirable for our future development;
- we generate revenue principally from the sale of properties, which depends on a number of factors including the schedule of our property development and the timing of property sales. Our profitability may fluctuate significantly between different periods, as our financial performance for a particularly period depends on the mix of properties available for sale;
- we may be unable to obtain, or may suffer material delays in obtaining, the relevant government approvals or be unable to take possession of the land parcels for our property development projects;

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- we rely on external construction companies for the construction-related works of our property development projects and these construction companies may fail to provide satisfactory services which adhere to our quality and safety standards and in a timely manner, or at all;

- our results of operations may be adversely affected by labour shortages and/or the increase in the costs of labour; and

- we are subject to certain restrictive covenants and risks normally associated with borrowings which may limit or otherwise materially and adversely affect our business, results of operations and financial condition.

PROSPECTS

During the reporting year, the Centa-City Leading Index has increased by approximately 17%, despite the impacts of various political and economic factors noted around the world. The acquisition price of both land and properties recorded new high in this year. It proves that demands from new home buyers and trade-up buyers in Hong Kong are concrete and many properties developers remain confident in the property market.

The Group has achieved approximately HK$4.8 billion contracted sales of residential and commercial properties as at the date of this annual report. It secures and stabilises the revenue and development of the Group in the coming years. In the new financial year, the pre-sale of **Yau Tong (Nos. 13 & 15 Sze Shan Street)** and **Yiu Sha Road, Whitehead (Sha Tin Town Lot No. 601)** projects are expected to be launched and the Group is confident in the sales price and volume of these two projects.

To replenish the land bank for future development, the Group has successfully acquired several lands and properties as at the date of this annual report. The Group will continue exploring for opportunities in property acquisition and further enhance its operational efficiency and effectiveness to strengthen the real estate business.

The Group continues to capture every opportunity for its development and aims to achieve solid returns to its shareholders.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yiu Hung Gary, aged 62, has been appointed as an executive Director and chief executive officer of the Company since 3 December 2015. He is also appointed as an authorised representative, the chairman of the executive committee and a member of the remuneration committee of the Company. Mr. Wong is primarily responsible for strategic planning and the overall management and supervision of operations of the Group. He also serves as a director of most of the subsidiaries of the Group. Mr. Wong joined WOG in February 2004 as the general manager of the property department (sales and marketing) until February 2008. He subsequent acted as a director of Easy One Financial Group Limited ("**Easy One**"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the period from 13 February 2008 to 10 July 2015, where he was responsible for property development and sales and marketing in the PRC. Mr. Wong re-joined WOG in December 2013 as the director (sales and marketing) of the property development department. Mr. Wong has over 31 years of experience in property development, leasing, sales and marketing. He plays a strategic role on property acquisition, investment and development in both commercial and residential properties, especially in Hong Kong property market. Prior to joining WOG, Mr. Wong held various senior positions in reputable and sizeable property developers.

Mr. Tang Ho Hong, aged 31, has been appointed as an executive Director since 3 December 2015. He is also appointed as a member of the executive committee and the nomination committee of the Company. Mr. Tang is primarily responsible for the overall management and supervision of operations of the Group, including overseeing property sales and leasing, asset management and investment, and strategic planning on long and short term development. Mr. Tang has over seven years of experience in property and land matters. Prior to joining the Company, Mr. Tang worked with WOG in January 2011 as assistant general manger where he focused on property acquisition in Hong Kong and acquired his experience in the property development, management and investment businesses. As resolved by the remuneration committee of the Company and the Board on 12 March 2018, the Company entered into a revised service agreement with Mr. Tang on 12 March 2018 confirming his entitlement to a yearly performance bonus on the basis of 1.0% of the audited consolidated net profit after taxation of the Group and up to a maximum of 18 months of his basic monthly salary for the year ended 31 March 2018. Mr. Tang graduated from The University of Washington with a degree of Bachelor of Arts in Business Administration. Mr. Tang is a member of the Henan Provincial Committee of The Chinese People's Political Consultative Conference.

Non-executive Director

Mr. Chan Chun Hong, aged 54, has been appointed as the non-executive chairman of the Company since 23 December 2015. Prior to the listing of the Group, Mr. Chan has been working for WOG as an executive director since March 1997. He is also appointed as an authorised representative, the chairman of the nomination committee and a member of the remuneration committee of the Company. He is primarily responsible for formulating overall strategies and the overall corporate development of the Group. Mr. Chan is also the managing director of WOG, the executive director of WYT, the managing director and the chairman of Easy One and the chief executive officer and the chairman of China Agri-Products Exchange Limited, all companies are listed on the Main Board of the Stock Exchange. Mr. Chan graduated from the Hong Kong Polytechnic University with a degree of Bachelor of Arts in Accountancy. He was admitted as a fellow member of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Independent Non-executive Directors

Mr. Li Wing Sum Steven, aged 61, has been appointed as an independent non-executive Director of the Company since 17 March 2016. He is also appointed as the chairman of the audit committee and a member of the remuneration and nomination committees of the Company. Mr. Li was admitted as an associate of The Association of Chartered Certified Accountants in April 1986 and subsequently a fellow member in April 1991. He was also admitted as an associate of the Hong Kong Institute of Certified Public

BOARD OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Accountants in May 1986 and subsequently a fellow member in December 1993. He was admitted as a fellow member of the Taxation Institute of Hong Kong in January 1999 and a member of the Hong Kong Institute of Directors in January 2008. Mr. Li has over 31 years of experience in auditing, accounting, taxation, financial management and corporate secretarial. Mr. Li worked for an international accounting firm and held senior posts as group financial controller in various companies. He is also an independent non-executive director of Xinjiang Xinxin Mining Industry Co., Ltd., a company listed on the Main Board of the Stock Exchange and the company secretary respectively of Shanghai Fudan Microelectronics Group Company Limited, China National Culture Group Limited, both companies are listed on the Main Board of the Stock Exchange and Sino-Life Group Limited, a company listed on the GEM Board of the Stock Exchange.

Mr. Sung Tze Wah, aged 72, has been appointed as an independent non-executive Director of the Company since 17 March 2016. He is also appointed as a member of the audit, remuneration and nomination committees of the Company. He has extensive experience in the surveying sector for over 31 years. Mr. Sung was elected as a professional associate of the Royal Institution of Chartered Surveyors in November 1972, a fellow of The Hong Kong Institute of Surveyors in March 1997, a member of The Singapore Institute of Surveyors and Valuers in April 1989, and was admitted as an associate of The Chartered Institute of Arbitrators in April 1984. Mr. Sung was appointed as the executive estates officer by the Housing & Development Board of the Singapore government from October 1984 to July 1990. He was then promoted to senior estates officer during the period of August 1990 and March 1992. Mr. Sung established LDS International Group Limited and Lawson David & Sung Surveyors Limited in Hong Kong in 1992 and 1996 respectively and is currently a director of Lawson David & Sung Surveyors Limited.

Sr Dr. Leung Tony Ka Tung, aged 69, has been appointed as an independent non-executive Director of the Company since 17 March 2016. He is also appointed as the chairman of the remuneration committee and a member of the audit and nomination committees of the Company. He has over 41 years of experience in the property and hotel industry through his prior employments with the Lands Department of the Hong Kong government from January 1977 to June 1978, and from the 1980's onwards, with various prominent property developers as well as a leading surveyor company in Hong Kong. In 1994, Dr. Leung founded TL Property Consultants International Limited and he is currently a director of the TL Property Group companies. Dr. Leung also acted as an independent non-executive director of South China Holdings Company Limited, a company listed on the Main Board of the Stock Exchange, and South China Assets Holdings Limited (formerly known as South China Land Limited), a company listed on the GEM Board of the Stock Exchange, for the period from December 2012 to June 2017. Dr. Leung obtained a degree of Doctor of Philosophy in Business Administration from Empresarial University in November 2002 through distance learning, a degree of Master of Science in International Real Estate (with Distinction) from The Hong Kong Polytechnic University in November 2004, and a degree of Bachelor of Social Science (Hons) in Economics and Business Administration from Chung Chi College of The Chinese University of Hong Kong in December 1976. Dr. Leung was registered as a professional surveyor (GP/PD/PFM) in Hong Kong respectively in January 2006 (GP) and April 2014 (PD and PFM). He was also admitted as a fellow member of The Hong Kong Institute of Surveyors in February 2012, a fellow member of The Royal Institution of Chartered Surveyors in June 2008 and a fellow member of Hong Kong Institute of Real Estate Administrators in November 1985. He is currently the senior vice president of the Hong Kong Institute of Surveyors, the chairman of Surveyors Registration Board, a member of Audit Committee of the Hong Kong Housing Society, a member of Appeal Tribunal Panel of HKSAR, a member of the Panel of Advisors on Building Management Disputes of Home Affairs Department and a member of the Planning Sub-committee of the Land and Development Advisory Committee of the Planning Department.

SENIOR MANAGEMENT

Mr. Yeung Yiu Man, is the director of the quantity surveying division of the Group. Mr. Yeung is responsible for managing various property developments of the Group, and has overall responsibility for all aspects of cost and quality control of construction works. Mr. Yeung obtained a degree of Master of Science in Management from the Hong Kong Polytechnic University. He was admitted as a member of the Chartered Institute of Building in May 1992 and elected as a member of the Royal Institution of Chartered Surveyors in

BOARD OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

November 2008. Mr. Yeung possesses a wide spectrum of experience in the property industry and has been active in property developments for more than 32 years, in which 11 years was gained from a major Hong Kong listed property developer.

Ms. Ching Tak Won Teresa, is the general manager of the Group's property development division. She obtained a degree of Bachelor of Business Administration in Marketing and Management of Organisations from The Hong Kong University of Science and Technology in November 2004. She has more than 13 years of experience in the property industry. Prior to joining the Group in 2016, Ms. Ching joined WOG in 2008 and acted as the assistant general manager (sales and marketing) of WOG.

Mr. Ip Shu Pui, is the legal counsel of the Group. Mr. Ip obtained a Bachelor of Laws with Honours Degree from The City University of Hong Kong. He has been qualified as a solicitor in Hong Kong since December 1996. Mr. Ip worked in WOG since 2005 prior to joining the Group in 2016.

Mr. Tsoi Hung Ming Ian, joined the group in 2017 as the general manager of the site management division. Mr. Tsoi is responsible for managing project progress and quality assurance on the works of property development projects of the Group. Mr. Tsoi obtained a degree of Bachelor of Science in Building Surveying from the City University of Hong Kong. He has more than 20 years of experience in construction industry.

Mr. Chan Cheong Shing Bryan, is the director of the project planning division of the Company. Mr. Chan is responsible for managing the planning, design and works of property development projects of the Group. Mr. Chan obtained a degree of Bachelor of Arts (Architectural Studies) in 1993 and a degree of Master of Architecture in 1996 respectively from the University of Hong Kong. He is a registered architect of Hong Kong, a member of the Hong Kong Institute of Architects, as well as an authorised person in Building Department's Register under the list of architects. He has also obtained the qualification of People's Republic of China Class I Registered Architect. Mr. Chan has more than 21 years of experience in property development projects and he was the director of an architect's firm prior to joining the Group in 2016.

Ms. Wong Chin Han, is the financial controller and company secretary of the Company. Ms. Wong is responsible for the accounting and financial functions, internal control and secretarial affairs of the Group. She graduated from The Hong Kong University of Science and Technology with a degree of Bachelor of Business Administration. She is a member of the American Institute of Certified Public Accountants. Ms. Wong joined WOG in 2008, where she, in addition to financial management and reporting matters, also participated in the preparation of WOG's regulatory announcements and circulars. Prior to joining WOG, Ms. Wong worked for another listed company and an international accountancy firm. She has more than 21 years of experience in professional accounting.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

This is the second Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**") of the Company, published in compliance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Company strives to incorporate sustainable initiatives into its business operations. The purpose of the ESG Report is to enhance stakeholders' (including customers, suppliers and contractors, employees, investors and shareholders, government and community, collectively the "**Stakeholders**") understanding of our ESG management approach. The Board acknowledges its responsibility to ensure the integrity of the ESG Report and confirms that it has reviewed and approved the report.

Reporting Period and Scope

The ESG Report covers the sustainability performance and initiatives taken by the Group from 1 April 2017 to 31 March 2018. For governance section, please refer to pages 38 to 49 of this annual report.

Feedback

To improve the ESG Report in the future, the Company values feedback regarding the content disclosed in this report. Stakeholders are welcome to direct their feedback and comments to us.

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ESG MANAGEMENT APPROACH

The Company principally engages in development of leading-edge residential and commercial properties in prime locations throughout Hong Kong. Striving to be a responsible property developer, we recognise our responsibility to manage environmental and social impacts of our property development projects, especially the pollution from construction sites and potential nuisance to the neighbourhood. Therefore, we stipulate strict requirements on the selected contractors, ensuring they comply with environmental laws and regulations and implement safety management plans. We also strive to mitigate the impacts of our operations by incorporating environment-friendly ideas and features into building designs. With our proactive ESG management approaches, we maximise the value of our property development projects to the society.

Stakeholder Engagement

The Company believes engagement of Stakeholders plays a significant role in the Company's sustainable development. By actively engaging various Stakeholders, we are able to better understand the material issues that they are concerned with, so we can implement appropriate measures and improve our business operations such that we can create the best value for our Stakeholders. The table below shows some of the concerned topics and our corresponding engagement methods.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Key Stakeholders	Material Issues	Engagement Channels
Customers	• Customer satisfaction • Data privacy	• Company's website • Business representatives • Customer service hotline and email • Establish data privacy guideline
Suppliers and Contractors	• Stable business partnership	• Tendering and supplier evaluation
Employees	• Training and development • Occupational environment • Employee welfare	• Communications with supervisors • Training and teambuilding in retreat • Whistleblowing policy
Investors and Shareholders	• Corporate governance • Operational risk • Disclosure	• Shareholders' meeting • Financial reports and ESG reports and other disclosure documents • Press releases • Announcements
Government	• Compliance • Business ethics	• Compliance with laws and regulations • Regular interactive seminars with government officials • Ongoing communication with relevant government departments
Community	• Corporate responsibility • Community investment	• Support and volunteer for charity organisations • Cooperation with non-governmental organisations ("**NGOs**")

CARING FOR OUR PEOPLE

The Company believes that the long-term development of every business relies on its people. We treasure our people and strive to provide a decent workplace that allows equal opportunities and ensures health and safety.

Employment Practices

We are committed to follow lawful employment practices and comply with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and other relevant laws and regulations. Our employment policies relating to appointments, compensation and benefits, and equal employment opportunities have been clearly stated in the employee handbook. The Company provides equal opportunity for all employees and applicants regardless of sex, family status, pregnancy, physical disability, or any other basis prohibited by law. We respect human rights and strictly prohibit recruitment of child or forced labour. During the year, the Company was not aware of any significant non-compliance of laws and regulations regarding labour and employment practices. Nor did we identify any incident relating to hiring of child or forced labour.

Employee Rights and Welfares

The Company has a comprehensive remuneration policy in place to ensure fair and attractive remuneration packages for employees. Employees' remuneration is determined and paid in accordance with qualifications, performance, company policy and market salary trends. We carry out performance appraisal on an annual basis, conducted by the Human Resources Department to determine the arrangement of promotions, salary adjustment or other personnel changes. To further recognise the effort

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

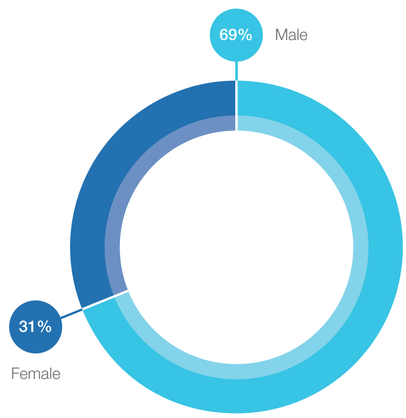
and contribution of employees, the Company provides discretionary bonus to employees with outstanding performance. Other than basic benefits such as Mandatory Provident Fund and annual leave, the Company provides paternity leave, marriage leave, examination leave, hospital insurance, outpatient medical plans, etc., aiming to optimise the overall wellbeing of our employees.

Employee Composition

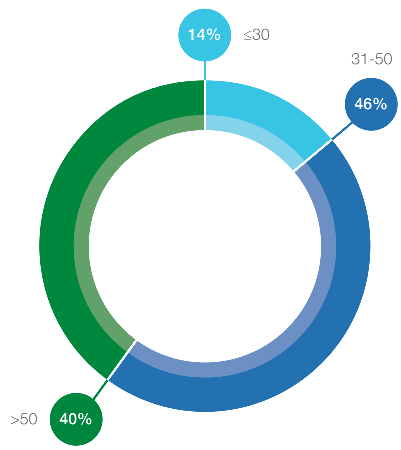
As of 31 March 2018, the Company had a total of 101 employees, all based in Hong Kong. The proportion of male and female employees was 69%:31%. Approximately 46% of employees were aged between 31 to 50 and 40% of employees were aged above 50. In terms of professional profile, 20% of employees were management staff.

The overall turnover rate of the Company was 22.8%, with a new hire rate of 29.7%. In terms of gender profile, female employees had higher turnover rate but lower new hire rate than male employees. In terms of age profile, the turnover rate was the highest among employees aged between 31 and 50, accounting for 36.2% while employees aged 30 or below had the highest new hire rate. Table below shows the details of turnover and new hire rates in terms of gender profile and age profile.

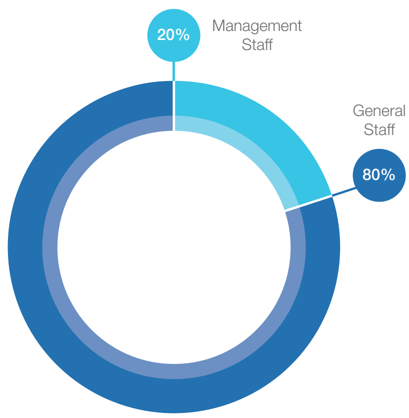
Gender Profile



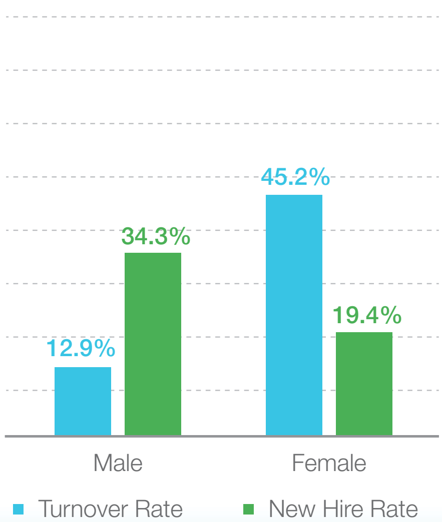
Age Profile



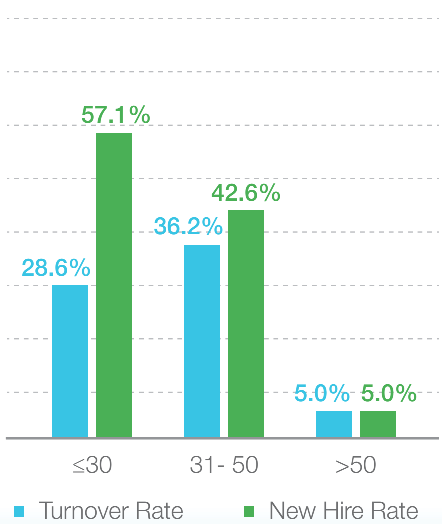
Professional Profile



Turnover and New Hire Rates by Gender



Turnover and New Hire Rates by Age



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Occupational Health and Safety

We aim to safeguard the health and safety of our employees. Complying with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), we implement feasible measures that enhance health and safety in workplace, especially at construction sites of our sub-contractors. Our contracting parties are required to submit safety management plans for approval and implementation before the commencement of the job. We appoint independent safety consultants to monitor implementation of the safety plan, identify any malpractices and provide suggestions to eliminate any safety hazards on site. During the year, there were 2 reported cases of work-related accidents, accounting for 111 lost days. There was no reported case of work-related fatality.

Employee Engagement

Interaction and communication with employees are essential to facilitate smooth relationships between employees and the Company. We organise various recreational activities for employees from time to time, such as retreat, volunteering and annual dinner, as a way to enhance team spirit and interact with employees. In addition, the Company has established a communication platform which encourages employees to discuss any work-related problems with their supervisors.

Development and Training

The Company values the importance of training and development of its employees. Through the provision of various in-house training courses, our employees can pursue their aspirations and develop long and stable careers. In addition to regular training courses for office staff, we also provide quality monitoring training for employees working at construction sites, which enhance their professional knowledge and skills to perform their job duties. During the year, the total training hours were 398.5 hours.

In addition to in-house training, employees are encouraged to pursue continuous learning by attending external training courses. The Company provides reimbursement for employees attending continuing education and training courses accredited by the Education Bureau Office. Besides, the Company subsidises employees opting for qualification memberships, which is conducive to their careers.

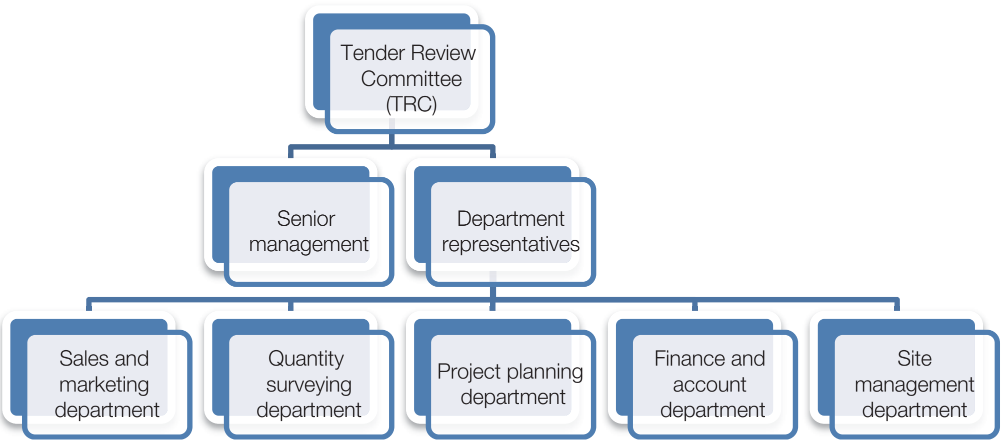
STRIVING FOR OPERATING EXCELLENCE

Striving to maintain the quality of our property development projects and follow the highest ethical standards during operations, we are proud that our luxury homes and boutique residential properties are widely recognised by the public.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Supply Chain Management

As the construction-related work in our property development projects is outsourced to independent construction companies, we carefully select contractors through a transparent and fair tendering process. We have implemented a comprehensive procedure manual to control the contracts procurement process ranging from compilation of tenderers lists to tender recommendation. We have established a Tender Review Committee (TRC) to regularly review and closely monitor the contracts procurement process to ensure it is conducted fairly and impartially.



Structure of Tender Review Committee (TRC)

We compile the tenderers list by making reference to the Company's standard list, consultants or other referring parties. Through site visits, job reference analysis, feedback from consultants, review of annual returns and claims records, we conduct pre-qualification of tenderers which is further reviewed by TRC for tender invitation. Upon receipt of tenders, we review and assess the tenders in both commercial aspects and technical aspects. Commercial aspects include but are not limited to odd rates and contractual qualifications; technical aspects include but are not limited to programme, site layout, method statement, inspection and test plan. For the technical aspects, project planning department and site management department conduct a technical assessment of tenderers on six criteria, with the highest weighting assigned to technical and professional strength.

Criteria of Technical Assessment	Weighting
Technical and professional strength	30%
Relevant previous experience in similar project	20%
Knowledge of site restrictions and scope of work	20%
Strength of proposed project team for this project	10%
Quality assurance experience and relevant certificate/award attained	10%
Reference from clients, consultants, etc.	10%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

In addition to an open and fair tendering process, we regularly monitor the works progress, quality control and variation control of our contractors during the construction phase. Our contractors are subject to various environmental laws and regulations relating to waste disposal, water pollution control, drainage control, noise control and so on. To maintain the quality of our buildings, our design and specifications of Mechanical, Electrical and Plumbing (MEP) systems conform to the latest Building Energy Codes, while the plumbing systems conform to latest codes and requirements of the Water Authority to ensure potable water quality. Besides the requirements for contractors, the Company aims to select suppliers that can provide high energy efficiency electrical appliances. Main contractors then procure these from among the list of suppliers. The Company maintains close communication with its contractors and services providers. For instance, the Company attends regular onsite meetings and site co-ordination workshops with contractors to resolve design matters. As stipulated in project contracts, all communications are well documented to ensure the project is on track and can be delivered on time.

Upon completion of project, we ensure the buildings fulfill all requirements as stated in the contract. To standardise the quality assurance of each construction project, we have established the new building acceptability criteria spanning twenty-five aspects, ranging from floor tiles, ceiling lines, electrical appliances to drainage system. We diagnose the building defects and advise on remedial works to follow up with contractors, ensuring our property development projects meet the highest quality standards. Meanwhile, we evaluate and rate the performance of the contractors, typically on a yearly basis, in various aspects such as site management and workmanship.

Product Responsibility

During the sales of our properties, we comply with the Residential Properties (First-hand Sales) Ordinance (Chapter 621 of the Laws of Hong Kong) to ensure all marketing materials provided to customers are accurate. Any misrepresentations and dissemination of false or misleading information are strictly forbidden.

During the year, we were not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Company concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Data Privacy

The Company strives to protect the confidential information of its customers and business partners, complying with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). As stipulated in employee handbook, all employees are forbidden from disclosing any confidential information of customers to others. They should not misuse confidential information for their own monetary advantage or private uses.

Business Ethics

The Company maintains highest ethical standards and ensures that any inappropriate behaviour or organisational malpractice that compromises the interest of the shareholders, investors, customers and wider public does not occur. With the whistleblowing policy in place, employees can report any observation of misconduct and malpractice in writing to the chairman of the Board. Each case is evaluated in a timely manner to determine whether a full investigation is necessary. In order to protect employees making such reports, the Company keeps employees' identity confidential and protects them against retaliation. The Company reviews the effectiveness of the policy regularly and ensures proper arrangements are in place for a fair and independent investigation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

To educate its business representatives and provide professional knowledge regarding ethical business practices, we regularly invite representatives from Independent Commission Against Corruption to conduct seminars for employees. During the year, there was no observation of any violation of the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and other relevant laws and regulations. Nor were we aware of any breach of laws and regulations that have a significant impact on the Group relating to extortion, fraud and money laundering.

CARING OUR COMMUNITY

The Company strives to fulfill its corporate social responsibility, aiming to give back to the society and contribute to a better tomorrow. We continue to support charitable organisations and NGOs through sponsorships and donations. While we have nurtured a caring culture, employees are encouraged to participate in charitable community events. During the year, we contributed to 90 hours of volunteer works.

Our effort to contribute to the community has been widely recognised. It was our honor to receive "President's Award" presented by the Community Chest of Hong Kong. Our executives also show a keen interest in driving environmental initiatives, including our executive Director Mr. Tang Ho Hong's participation as the Judge at Nature Works Hong Kong Pitch Day.

During the year, we actively participated in charitable events held by the Community Chest of Hong Kong, including "Dress Casual Day", "Love Teeth Day", "Green Day" and "Skip Lunch Day", which helped raise funds to support community services including medical and health services, children, youth services and elderly services.

Our employees participated in various charity run events, including "JESSICA Run 2017" and "Lifewire Run". The charity run events promote work-life balance and raise awareness of the need for healthy living, especially in metropolitans with a fast pace of life. Through participating in charity runs, we raised funds for various social welfare agencies, supporting healthy community development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

We care about the vulnerable groups in the community. Together with WOG, the Company organised the 1st charity vegetarian dinner to support Hong Kong Children and Youth Services, a multi-social service agency. Apart from Company staff, business partners were also invited to support the charity cause. The night was concluded with talented performances and exhibition booths prepared by students, and funds raised were fully donated to benefit low-income families and children with special educational needs (SEN).

During the mid-autumn festival, the Company, together with WYT, visited and donated more than 1,000 boxes of mooncakes and festive gifts to social welfare organisations including Yan Oi Tong, Tung Wah Group of Hospitals and Egive for You Charity Foundation to share festival joy with the elderly, children and underprivileged families.

The Company also supports environmental initiatives which enhance sustainability of the community. Realising climate change is a pressing issue affecting all of us, we participated in “Earth Hour” organised by the World Wide Fund for Nature (WWF), pledging to combat climate change by implementing environment protection measures, and raising environmental awareness of employees as well as the public. Looking forward, the Company keeps contributing to develop a sustainable community by actively engaging in charitable events and supporting environmental initiatives.

CARING FOR THE ENVIRONMENT

The Company recognises its responsibility in managing the environmental impacts throughout its operations, especially during the construction phase, aiming to become an environmentally-friendly property developer.

During the year, we were not aware of any non-compliance of laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have significant impacts to the Company.

Environmental Management of Property Development Projects

The construction phase of our property development projects generates the most environmental impacts. As all our construction-related work is outsourced to independent construction companies, we strictly monitor contractors to minimise the environmental impacts and ensure compliance of relevant environmental laws.

To control air emissions from our projects, we comply with Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), ensuring the fumes and exhaust gases of concern under the law are being discharged properly. For waste and effluent management, we comply with Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) and Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong). We collect wastewater and properly discharge it into town sewerage mains. For some of the property projects, depending on the building size, we

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

provide refuse storage and material recovery chamber for proper temporary storage and sorting of waste materials. In addition, our contracting parties are required to submit waste management plans for approval and implementation at all construction sites of our development projects. Complying with the Noise Pollution Control Ordinance (Chapter 400 of the Laws of Hong Kong), we require our contracting parties to obtain prerequisite noise related permit and strictly observe the conditions of the permit, under the building contracts for all our developments, prior to commencement of any work procedures.

Green Building

The Company strives to reduce the environmental impact of its properties throughout their life cycles, incorporating environmental considerations at different stages ranging from the planning, design, construction and operation of the buildings. To achieve this, the Company has participated in the BEAM Plus assessment scheme, a comprehensive environmental assessment scheme for buildings recognised by the Hong Kong Green Building Council, for the development of some of our properties, including **The Met. Bliss, The Met. Blossom,** and **The Met. Acappella**. We have engaged a third party consultancy company for the provision of services in respect of BEAM Plus Certification and other environmental assessments. The assessment of a building's performance includes site aspects, material aspects, energy use, water use and indoor environmental quality. The table below shows some of the corresponding measures implemented in our property projects.

Site Aspects	• At least 20% of the site area planted with greenery
Material Aspects	• No virgin forest products are being used for temporary works during construction • Non-chlorofluorocarbon (CFC)-based refrigerants are used in air-conditioning systems • Implementation of a waste management system that provide for the sorting, recycling and proper disposal of construction / demolition materials • Provision of facilities for the collection, sorting, storage and disposal of waste and recovered materials
Energy Use	• Use of energy efficient equipment and lighting to comply with the latest Building Energy Codes (BEC)
Water Use	• Use of authorised plumbing materials and implementation of sampling and testing to ensure the quality of potable water meeting the referenced drinking water quality standards at all point of use • Use of water efficient devices to achieve an estimated aggregate annual saving of 10% in water usage
Indoor Environmental Quality	• Enhanced natural ventilation and provision of fresh air system for air-conditioned indoor spaces to ensure indoor air quality and ventilation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Environmental Impact

Since construction of our property development projects is outsourced to independent construction companies, the Company cannot directly obtain environmental data related to the construction phase. However, the Company records the environmental impact of its office operations. During the year, the Company consumed 101,285 kWh of electricity, accounting for 365 gigajoules (GJ) of energy usage and contributing to indirect greenhouse gas emissions (Scope II) of 52 tonnes of carbon dioxide equivalent (tCO_2e).

Green Office

Despite our office operations not creating significant environmental impacts, the Company still strives to implement environmental initiatives that further lessen the environmental impacts. However, there were no large-scale reduction projects regrading waste, energy and water, so we did not measure the result achieved of the environmental initiatives. To enhance environmental awareness of our employees and foster a green office culture, we have established guidelines in office regarding green procurement, energy saving, resources reduction and waste reduction. To conserve energy, the Company adopts energy efficient equipment and facilities. For instance, the Company prioritises appliances labelled with high energy efficiency. In the office area, we have installed LED and energy saving T5 tubes to replace traditional lighting fittings. Employees are required to switch off lights, air-conditioners and other office equipment after office hours to save energy.

To reduce resources consumption, employees should turn off the water taps after usage. The default setting of all printers is duplex printing which encourages employees to use both sides of paper. A waste paper recycling bin is placed next to the printers to enable recycling. To reduce waste generation, employees are encouraged to bring their own water bottles instead of using disposable paper cups and also bring their own lunch boxes instead of ordering take aways. The Company also advocates reusing materials such as word clips and plastic binding rings to minimise waste generation.

PERFORMANCE DATA SUMMARY

		Unit	FY 2018
Workforce	**Total headcount**		101
	By Age		
	30 or below		14
	31-50		47
	Above 50		40
	By Gender		
	Male		70
	Female		31
	By Professional Profile		
	Management staff		20
	General staff		81
	Employee Turnover Rate		
	Total	%	22.8
	By Age		
	30 or below	%	28.6
	31-50	%	36.2
	Above 50	%	5.0
	By Gender		
	Male	%	12.9
	Female	%	45.2

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

		Unit	FY 2018
	Employee New Hire Rate		
	Total	%	29.7
	By Age		
	30 or below	%	57.1
	31-50	%	42.6
	Above 50	%	5.0
	By Gender		
	Male	%	34.3
	Female	%	19.4
Employee Training	**Total Training Hours**	Hours	398.5
	Average Employee Training Hours		
	By Gender		
	Male	Hours	3.89
	Female	Hours	4.08
	By Professional Profile		
	Management staff	Hours	5.23
	General staff	Hours	3.63
	Percentage of Employees Trained		
	By Gender		
	Male	%	72.9
	Female	%	71.0
	By Professional Profile		
	Management staff	%	85.0
	General staff	%	69.1
Health and Safety	Work-related Accidents		2
	Lost Days Due to Work-related Injury	Days	111
	Work-related Fatalities		0
Community	Volunteering Hours	Hours	90
Environmental	Total Energy Consumption	GJ	365
	Intensity*	GJ/HKD('million)	0.27
	Electricity	kWh	101,285
	Greenhouse Gas Emissions		
	Intensity*	tCO_2e/HKD('million)	0.04
	Scope II	tCO_2e	52

* The intensity is computed based on the Company's revenue.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

THE STOCK EXCHANGE ESG CONTENT INDEX

KPIs	ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
Aspect A1	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Caring for the Environment
KPI A1.1	The types of emissions and the respective emissions data.	Environmental Impact
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Our operation is primarily office-based where no hazardous waste is generated.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The data of non-hazardous waste is not available since it is handled by management office in a centralized manner.
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Green Building; Green Office
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Management of Property Development Projects; non-hazardous waste is handled by management office and sent to landfills.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

KPIs	ESG Reporting Guide Requirements	Section/Remarks
Aspect A2 General Disclosure	**Use of Resources** Policies on efficient use of resources including energy, water and other raw materials.	Green Building; Green Office
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Impact
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	The data of water consumption is not available since it is handled by property management office in a centralized manner.
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Green Building; Green Office
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for the purpose, water usage efficiency initiatives and results achieved.	Green Building; Green Office; The Company does not have any issue in sourcing water.
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Company's operation does not involve consumption of packaging materials.
Aspect A3 General Disclosure	**The Environment and Natural Resources** Policies on minimising the issuers' significant impact on the environment and natural resources.	Green Building; Green Office
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
B. Social **Aspect B1** General Disclosure	**Employment** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	Employment Practices; Employee Rights and Welfares

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

KPIs	ESG Reporting Guide Requirements	Section/Remarks
Aspect B2 General Disclosure	**Health and Safety** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	
Aspect B3 General Disclosure	**Development and Training** Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
Aspect B4 General Disclosure	**Labour Standards** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Employment Practices
Aspect B5 General Disclosure	**Supply Chain Management** Policies on managing environmental and social risks of the supply chain.	Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

KPIs	ESG Reporting Guide Requirements	Section/Remarks
Aspect B6 General Disclosure	**Product Responsibility** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	 Product Responsibility
KPI B6.5	Description of customer data protection and privacy policies, how they are implemented and monitored.	Data Privacy
Aspect B7 General Disclosure	**Anti-Corruption** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	 Business Ethics
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	
Aspect B8 General Disclosure	**Community Investment** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	 Caring Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate governance and is committed to achieving a high standard of corporate governance within a sensible framework with a strong emphasis on transparency, accountability, integrity and independence. The Board believes that good corporate governance practices are fundamental and essential to the success of the Company and the enhancement of its effectiveness and corporate image.

The Company adopted the principles and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules. The Board had reviewed periodically the compliance of the CG Code and is in the view that throughout the year ended 31 March 2018, the Company had complied with the applicable code provisions set out in the CG Code.

The Board continues to review periodically the compliance of the CG Code so as to safeguard and maximise the benefit of the Stakeholders.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time, (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year under review.

The Company also adopted a code of conduct regarding securities transactions on no less exacting terms than the Model Code by the relevant employees of the Group who are considered likely to be in possession of unpublished price sensitive information in relation to the Company or its securities pursuant to code provision A.6.4 of the CG Code. To the best knowledge and belief of the Directors, all relevant employees have complied with the required standards of such code.

BUSINESS MODEL AND STRATEGY

The Group is principally engaged in the businesses of developing residential and commercial properties for sale and acquisition of commercial and industrial properties for capital appreciation. The Group's strategy for generating and preserving shareholders' value in the long run is to invest prudently in projects and opportunities which maximise return to the shareholders. With respect to property development, the Group actively explores opportunities and increases its land portfolio which forms the basis for generating gain in the property development. To cope with the dynamic and uncertain property market conditions, the Group mainly focuses on projects with shorter development cycle in order to provide greater turnover cycle, flexibility and reduction of business risk. On the other hand, the Group continues to maintain a balanced portfolio of property investments, regularly review its tenant mix, with an aim to maximise rental yield and secure a stable stream of income to support the recurring operations of the Group. Overall, the Group adopts a proactive and prudent approach in developing its business.

In short-term, the Group continuously reviews and updates its strategies to provide better clarity on direction and business models. The Group takes active and prompt measures to meet market changes through adjustment of business strategy and control over costs. Further, the Group strives to maintain a healthy financing structure and devotes effort to securing banking facilities which is regarded as an important element for supporting continuous business development of the Group.

CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD

Roles and Responsibilities of the Board and the Senior Management

The Board is responsible for formulating of corporate strategies and internal control, reviewing and guiding the business and affairs, monitoring financial and operating performance and is individually and collectively accountable to the shareholders of the Company for the success and sustainable development of the Group. The independent non-executive Directors (the "**INEDs**") only account for various industry expertise and overseeing the Group's business, whilst the general management and day-to-day management are delegated to the executive Directors and the senior management, they will meet regularly to review the performance of the Group and to co-ordinate overall resources among the development of the Group.

Apart from these, the Board will consider and make decision for any major acquisitions and disposals, review of interim and annual financial results, appointments/removals of directors and auditors, evaluation on the performance and compensation of senior management, any material capital transactions and other significant operational and financial affairs. With a review to maintaining an appropriate balance of authority and responsibility, such functions are either carried out directly by the Board or indirectly through various committees established by the Board, with respective functions set out in their terms of reference. Currently, there are four board committees, namely executive committee (the "**Executive Committee**"), audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**").

All Directors will ensure that they can give sufficient attention to discharge their responsibilities to the affairs of the Company and the Directors have disclosed to the Company the identity and nature of offices held in any public organisation and other significant commitments on an annual basis.

During the year, regular Board meetings were held four times to review, consider and approve the, among others, annual and interim results and to review the business operations and the effectiveness of internal control systems of the Group. Apart from these regular Board meetings, Board meetings are also held, as and when necessary, to consider major issues. Notice of at least 14 days for each regular Board meeting is given to all Directors. All such minutes are kept by the company secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any Director. Apart from the regular Board meetings, the chairman of the Company also met with the INEDs without the presence of executive Directors during the year.

Composition

The Board currently has six Directors comprising two executive Directors, one non-executive Director and three INEDs. The Directors during the year and up to the date of this annual report were:

Executive Directors
Mr. Wong Yiu Hung Gary, *Chief Executive Officer*
Mr. Tang Ho Hong

Non-executive Director
Mr. Chan Chun Hong, *Chairman*

Independent Non-executive Directors
Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung

There are no financial, business, family or other material relationships among the Directors. The biographical details of all Directors are set out on pages 20 to 22 of this annual report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Board possesses a mix and balance of skills and experience which are benefit for the requirements of the business of the Company. The opinion raised by the INEDs in Board meetings may facilitate the maintenance of good corporate governance practices. The Board has three INEDs, representing more than one-third of the Board, and at least one of the INEDs has the appropriate professional qualification and/or accounting and audit experience and expertise as required by Rules 3.10(1) and (2) and 3.10A of the Listing Rules. A balanced composition of executive and non-executive Directors also generates a strong independent element on the Board, which allows for an independent and objective decision making process for the best interests of the Company and its shareholders. All Directors are aware of the required levels of fiduciary duties, care, skill and diligence under Rule 3.08 of the Listing Rules.

In compliance with code provision A.3.2 of the CG Code, an updated list of the Directors identifying their role and function are available on the websites of the Company (www.woproperties.com) and the Stock Exchange (www.hkexnews.hk). The Company will review the composition of the Board from time to time to ensure that the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business and to enhance the shareholders' value.

Details of the Directors' remuneration as set out in note 8 to the financial statements for the year ended 31 March 2018 is set out below:

Remuneration to the Directors	Number of individual
below HK$500,000	4
HK$500,000 to HK$1,000,000	–
HK$1,000,001 to HK$1,500,000	–
Over HK$1,500,000	2

Chairman and Chief Executive Officer

The roles of the chairman and the chief executive officer of the Company held by Mr. Chan Chun Hong and Mr. Wong Yiu Hung Gary, respectively, are separate to reinforce their respective independence and accountability. Their respective responsibilities are clearly segregated, Mr. Chan Chun Hong is primarily responsible for formulation of overall strategic planning and leadership of the Board and Mr. Wong Yiu Hung Gary is responsible for the day-to-day business operations and implementation of the business strategies adopted by the Board.

Appointment and Re-election of the Directors

All INEDs are appointed for a term of not more than three years with specific term set out under respective letters of appointment which may be terminated by giving one-month notice. The non-executive Director is appointed for a term of not more than three years with specific term set out in the letter of appointment which may be terminated by giving three-month notice. The executive Directors are appointed for a term of not more than three years commencing from the date of listing of the Company with specific term set out under respective service agreements which may be terminated by giving six-month notice. One-third of the Directors, including those appointed for a specific term, are subject to retirement by rotation and, being eligible, offer themselves for re-election at the annual general meetings in accordance with the Bye-law 84(1) of the bye-laws of the Company (the "**Bye-laws**"). In addition, Directors who are appointed by the Board to fill casual vacancies or as an addition to the existing Board are subject to re-election at the first general meeting or the next following annual general meeting of the Company, respectively after his/her appointment.

Independence of INEDs

The INEDs are required to confirm their independence upon their appointment and on an annual basis. The Company has received from each INED an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules for the year ended 31 March 2018. The INEDs would not participate in the Group's daily operation and they would abstain from voting on any resolution(s) in which he had any interest and, therefore, the Company continues to consider all the INEDs to be independent for the year under review and up to the date of this annual report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance

The Board has undertaken the responsibility for performing the corporate governance duties pursuant to code provision D.3.1 of the CG Code and is committed to ensuring that an effective governance structure is in place to continuously review, monitor and improve the corporate governance practices within the Group with regard to the prevailing legal and regulatory requirements.

The Board has adopted a Board diversity policy (the "**Diversity Policy**") stipulating the composition of the Board, reviewing the policies and measures on the Group's corporate governance, reviewing a code of conduct applicable to the Directors and employees, monitoring the Company's legal and regulatory compliance, training and continuing professional development of Directors and reviewing the Company's compliance with the CG Code and the disclosure in this report.

This corporate governance report has been reviewed by the Board in discharge of its corporate governance function.

Board Diversity

The Company recognises increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives, sustainable and balanced development. In March 2016, the Company adopted the Diversity Policy which sets out the approach to diversify the Board.

In designing the Board's composition, the Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will also consider factors based on the Company's business model, specific needs and meritocracy from time to time in determining the optimum composition of the Board.

During the year under review, the Board comprises six Directors, including two executive Directors, one non-executive Director and three INEDs, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of professional experience, skills and knowledge.

Having reviewed the Diversity Policy and the Board's composition, the Nomination Committee is satisfied that the requirements set out in the Diversity Policy had been met.

Continuous Professional Development

Pursuant to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The company secretary of the Company regularly circulates training materials or briefings to all Directors in respect of the updates on, among other things, the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") or guidelines, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and financial or accounting standards which may be of the interest to Directors.

In addition, the company secretary of the Company also provides and circulates to the Directors with monthly and regular updates relating to the Group's business, financial position and business environment, in which the Group operates. During the year, all Directors have complied with the code provisions in relation to continuous professional development, apart from reading materials relevant to the Company's business, director's duties and responsibilities.

The company secretary of the Company continuously updates Directors constantly on the latest developments regarding the Group's business and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

During the year, all Directors have provided to the Company with their training records on a regular basis, and such records have been maintained by the company secretary of the Company for accurate and comprehensive record keeping.

Liability Insurance for the Directors

The Company has arranged for appropriate directors and officers liability insurance to indemnify its Directors against liabilities arising out of legal action on corporate activities. Such insurance coverage is reviewed and renewed with consultant advice on an annual basis.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES

The Board has established various committees, including the Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee, each of which has the specific written terms of reference that will be reviewed and updated, where necessary. Minutes of all meetings and resolutions of the committees are kept by the company secretary of the Company and open for inspection at any reasonable time on reasonable notice by any Director. Each committee is required to report to the Board on its decision and recommendations, where appropriate.

Executive Committee

The Executive Committee has been established since March 2016 with specific written terms of reference with authority delegated by the Board, which are available on the websites of the Company and the Stock Exchange. The Executive Committee is responsible for general management, supervising the day-to-day management, performance and operations in accordance with the business strategy and keeping under review strategy and business development initiatives of the Group and monitoring their implementation. Currently, the Executive Committee comprises two members, namely Mr. Wong Yiu Hung Gary and Mr. Tang Ho Hong and Mr. Wong Yiu Hung Gary takes the chair of the Executive Committee.

Audit Committee

The Audit Committee has been established since March 2016 with specific written terms of reference, stipulating its authorities and duties in compliance with Rule 3.21 of the Listing Rules, which are available on the websites of the Company and the Stock Exchange. Currently, the Audit Committee comprises three INEDs, namely, Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung and Mr. Li Wing Sum Steven is appointed as the chairman of the Audit Committee.

The functions of the Audit Committee is, among others, to assist the Board to review the financial reporting, including interim and final results, to supervise over the Group's internal controls, risk management and to monitor the internal and external audit functions, the appointment, the re-appointment and removal of auditors and to make relevant recommendations to the Board to ensure effective and efficient operation and reliable reporting. The functions of the Audit Committee will be reviewed regularly by the Board and amended from time to time, as and when appropriate, in order to be in compliance with the code provision of the CG Code (as amended from time to time).

The Audit Committee is provided with sufficient resources to discharge its duties and may access to independent professional advice according to the Company's policy, if considered necessary.

During the year under review, the Audit Committee members met twice with the Group's senior management and the external auditors of the Company to discuss and review the following matters:

(a) the annual results for the year ended 31 March 2017 and the interim results for the six-month ended 30 September 2017 to ensure for full, complete and accurate disclosure in the aforesaid financial statements pursuant to the accounting standards and other legal requirement for presenting the same to the Board for approval;

(b) the term and remuneration for the appointment of Ernst & Young as external auditors to perform the agreed-upon procedures on the final results for the year ended 31 March 2017 and the interim results for the six-month ended 30 September 2017;

(c) the independence of the external auditors especially for those non-audit services;

(d) the continuing connected transaction(s) of the Group;

(e) the overall effectiveness of internal controls and risk management systems; and

(f) the adequacy of resources, qualifications and experience of staff, the accounting and financial reporting matters and their training programmes and budget.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Audit Committee is satisfied with, *inter alia*, the audit fees, effectiveness of the audit process, independence and objectivity of Ernst & Young and has recommended to the Board the re-appointment of Ernst & Young as the Company's external auditors for the ensuing year at the forthcoming annual general meeting of the Company.

Remuneration Committee

The Remuneration Committee has been established on 17 March 2016 with specific written terms of reference, as revised from time to time, stipulating its authorities and duties in compliance with code provision of B.1.2 of the CG Code, which are available on the websites of the Company and the Stock Exchange. Currently, the Remuneration Committee comprises three INEDs, namely, Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, one executive Director, namely Mr. Wong Yiu Hung Gary, and one non-executive Director, namely Mr. Chan Chun Hong, and Sr Dr. Leung Tony Ka Tung is appointed as the chairman of the Remuneration Committee. Majority of the Remuneration Committee are INEDs.

By reference to the corporate goals and objectives of the Company, the primary roles and functions of the Remuneration Committee are as follows:

(a) 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 a remuneration policy on the basis of basic salary and allowances, discretionary bonus and share options;

(b) to review and approve the senior management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company, including, but not limited to, benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment;

(d) to make recommendations to the Board on the directors' fee of the non-executive Director and INEDs with reference to the range of remuneration of other non-executive directors in the similar industry and allow any out-of-pocket expenses incurred in connection with the performance of their duties;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(f) to review and approve compensation payable to executive Directors and senior management of the Company 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

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

The Remuneration Committee is provided with sufficient resources to discharge its duties and may access to independent professional advice according to the Company's policy, if considered necessary.

During the year under review, the Remuneration Committee held one meeting, in which it reviewed the existing remuneration policy by reference with the market research, communicated with the chairman and the chief executive officer of the Company and recommended amendments to the existing remuneration policy and performance-based bonus and approved the remuneration package and performance-based bonus paid to other Directors and senior management of the Company. No Director took part in any discussion or determination about his own remuneration.

The Remuneration Committee has discharged or will continue to discharge its major roles to, among other things, approve the terms of the service agreements of the Directors and the senior management of the Company, make recommendations with respect to the remuneration and policies of the Directors and senior management of the Company and to review the remuneration package and recommend salaries, bonuses, including the incentive awards for Directors and senior management of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Pursuant to the code provision B.1.5, the annual remuneration of other members of the senior management by bands for the year ended 31 March 2018 is set out below:

Remuneration to the senior management by bands	Number of individual
below HK$500,000	–
HK$500,000 to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	3
Over HK$1,500,000	2

Nomination Committee

The Nomination Committee has been established on 17 March 2016 with specific written terms of reference, as revised from time to time, stipulating its authorities and duties in compliance with code provision A.5.1 of the CG Code, which are available on the websites of the Company and the Stock Exchange. Currently, the Nomination Committee comprises three INEDs, namely, Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, one executive Director, namely Mr. Tang Ho Hong, and one non-executive Director, namely Mr. Chan Chun Hong, and Mr. Chan Chun Hong is appointed as the chairman of the Nomination Committee.

By reference to the corporate goals and objectives of the Company, the primary roles and functions of the Nomination Committee are as follows:

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

(b) 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;

(c) to assess the independence of INEDs;

(d) to monitor the continuous professional development of the Directors;

(e) to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive officer of the Company;

(f) where the Board proposes a resolution to elect an individual as an INED at the general meeting, the Nomination Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent; and

(g) the chairman or another member of the Nomination Committee shall attend the Company's annual general meetings and be prepared to respond to questions raised by shareholders on the Nomination Committee's activities and responsibilities.

The Nomination Committee is provided with sufficient resources to discharge its duties and may access to independent professional advice according to the Company's policy, if considered necessary.

During the year under review, the Nomination Committee held one meeting to discuss and review the following matters:

(a) the existing structure, size and composition (including the skills, knowledge and experience) of the Board appropriate for the requirements of the business of the Group and to make recommendations on any proposal changes, if any, to complement the Company's corporate strategy;

(b) the Board Diversity Policy; and

(c) recommend the retirement by rotation and the re-appointment of Mr. Wong Yiu Hung Gary and Mr. Sung Tze Wah as an executive Director and an INED, respectively, at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

ATTENDANCE OF DIRECTORS AT VARIOUS MEETINGS

Details of the attendance of individual Directors at Board meetings, committee meetings and shareholders' meetings held during the year ended 31 March 2018 are as follows:

Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting	Special General Meeting
Wong Yiu Hung Gary	4/4	N/A	1/1	N/A	1/1	0/1
Tang Ho Hong	4/4	N/A	N/A	1/1	1/1	0/1
Chan Chun Hong	4/4	N/A	1/1	1/1	1/1	1/1
Li Wing Sum Steven	4/4	2/2	1/1	1/1	1/1	0/1
Sung Tze Wah	4/4	2/2	1/1	1/1	0/1	1/1
Leung Tony Ka Tung	4/4	2/2	1/1	1/1	1/1	0/1

EXTERNAL AUDITORS' REMUNERATION

The remuneration paid/payable to the Company's external auditors, Ernst & Young, for the year ended 31 March 2018 are set out as follows:

Services rendered for the Group	Fees paid/payable to Ernst & Young HK$'000
Audit services:	
– annual financial statements	1,950
Non-audit services:	
– agreed-upon procedures	240
– taxation and professional services	3,976
– other professional services	1,120
Total:	7,286

CORPORATE GOVERNANCE REPORT (CONTINUED)

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparation and publication of the timely financial statements which gives a true and fair view of the financial position of the Group and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. In preparing the accounts for the year ended 31 March 2018, the Directors have adopted suitable accounting policies which are pertinent to the Group's operations and relevant to the financial statements and have presented an understandable assessment of the Group's position and prospects.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, the accounts is prepared on a going concern basis and they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Directors continue to explore any opportunities with potential investors to enhance its financial position and business development of the Group by way of refinancing, extension of borrowings and/or fund raising.

A statement by the auditor about their reporting responsibilities is set out on pages 60 to 66 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has undertaken the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives and ensuring that the Group established and maintained appropriate and effective risk management and internal control systems during the year under review, whilst the Audit Committee was overseeing and monitoring the effectiveness of these systems. The management of the Group was responsible for implementing and maintaining sound and effective risk management and internal control system that safeguard the Group's assets and stakeholders' interest in aspects including operation, financial and compliance.

The Group has established risk management procedures to address and handle the all significant risks associate with the business of the Group. The Board would perform annual review on any significant change of the business environment and establish procedures to response the risks result from significant change of business environment.

The management would identify the risks associate with the business of the Group by considering both internal and external factors and events which include political, economic, technology, environmental, social and staff. Each of risks has been assessed and prioritised based on their relevant impact and occurrence opportunity.

The internal control systems are designed and implemented to reduce the risks associated with the business accepted by the Group and minimise the adverse impact results from the risks. The risk management and internal control system are designed to mitigate rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year under review, the Company appointed external advisers to undertake the internal audit function and perform the ongoing monitoring of the systems of internal control of the Group and has reported their findings and recommendations to the Audit Committee and followed up the status of implementation of the recommendations to ensure all significant control activities are properly in place within the Group. The Group has adopted a risk-based approach in developing the annual internal audit plan to cover business activities with material risks across the Group. The rotation basis would be applied to operations with similar risk associated so as to enhance the efficiency and effectiveness of the internal audit. All findings and recommendations on internal control deficiencies for the year have been communicated to the management, who are required to establish remedial plans to correct those internal control deficiencies within a reasonable time period. Post-audit review is performed to monitor those agreed recommendations having been implemented as intended and on a timely basis. Based on the audit and post-audit review, the advisers reported that there was no significant deficiency on the internal control system of the Group for the year had been noted.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Review on Risk Management and Internal Control System

The Company has conducted annual review on the effectiveness and efficiency of the Group's risk management and internal control systems for the year ended 31 March 2018 and the management confirmed that there is no significant deficiency and weakness on the internal control system has been identified by the external advisory firm for the year ended 31 March 2018. The Board has reviewed with the Audit Committee and satisfied and confirmed that the Group's risk management and internal control systems in respect of financial, operational, compliance, risk management and adequacy of resources were effective and adequate.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Company aims at promoting and maintaining effective communications with shareholders and investors (both individuals and institutions) to ensure that the Group's information is disseminated to the shareholders and investors in a timely manner and enable them to have a clear assessment of the enterprise performance. A shareholders communication policy has been adopted by the Company and the same is available on the website of the Company. Other major means of communications includes:

Disclosures in Corporate Website

Extensive information on the Group's activities and financial position will be disclosed in the annual reports, interim reports, announcements, circulars and other corporate communications which will be sent to shareholders and/or published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.woproperties.com). Other inside information is released by way of formal public announcements as required by the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

General Meeting with Shareholders

The Company also acknowledges that annual general meetings and various general meetings are valuable forums for the Board to communicate directly with the shareholders and members of the Board and the members of various committees are encouraged to attend and answer questions at such general meetings.

In order to let shareholders to make an informed decision at the general meetings, sufficient notices with not less than ten clear business days for every general meeting and twenty clear business days for every annual general meeting were given to the shareholders of the Company pursuant to code provision E.1.3 of the CG Code, the Bye-laws and any other applicable laws. The chairman of general meetings will explain the detailed procedures for conducting a poll vote during the proceedings of meetings and answer all questions raised by shareholders. All resolutions put to vote at general meetings are taken by poll and the poll results are posted on the websites of the Company and the Stock Exchange immediately following the holding of the general meetings.

Investor Relations

The Group also has a proactive investor relations programme that keeps investors and shareholders abreast the Group's latest development and discloses relevant information to the public in a timely manner. During the year, we held various meetings with investors and participated in investor and press conferences.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Shareholders' Rights of Convening a Special General Meeting

Pursuant to Bye-law 58 of the Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require a special general meeting (the "**SGM**") to be called by the Board for the transaction of any business specified in such requisition; and the SGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (as amended), but any meeting so convened shall not be held after the expiration of three months from the said date.

The requisition (i) must state the purpose of the SGM; and (ii) must be signed by the requisitionists and deposited at the principal place of business of the Company at Suite 3201, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong (the "**Principal Place of Business**") for the attention of the company secretary of the Company. The requisition will then be verified with the Company's Branch Share Registrar and Transfer Office and upon its confirmation that the requisition is proper and in order, the company secretary of the Company will forward the requisition to the Board and inform the Board to convene a SGM by serving sufficient notice to all shareholders of the Company.

Putting Forward Proposals at Shareholders' Meetings

To put forward proposals at an annual general meeting or a SGM, the shareholders of the Company shall submit a written notice of those proposals with the detail contact information to the company secretary of the Company at the Principal Place of Business. The request will be verified with the Company's Branch Share Registrar and Transfer Office and upon its confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to include the resolution in the agenda for the general meeting. Moreover, the notice period to be given to all the shareholders for consideration of the proposals submitted by the shareholders concerned varies as follows pursuant to Bye-law 59(1) of the Bye-laws:

(a) for an annual general meeting and any SGM at which the passing of a special resolution is to be considered, it shall be called by not less than twenty-one clear days' notice (the notice period must include twenty clear business days under the Listing Rules' requirement); and

(b) for all other general meetings (including a SGM), they may be called by not less than fourteen clear days' notice (the notice period must include ten clear business days under the Listing Rules' requirement).

Proposing a Person for Election as a Director

The procedures for proposing candidate(s) for election as director(s) at a general meeting are set out in the "Corporate Governance" under section headed under "About Wang On Properties" on the website of the Company at www.woproperties.com.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Enquiries to the Board

Stakeholders may send their enquiries and concerns, in written form, to the Board or the company secretary of the Company by email to pr@woproperties.com or by addressing their enquiries to the Board or the company secretary of the Company in the following manners:

In respect of the corporate affairs:
Company Secretary/Assistant General Manager of Corporate Communications
Wang On Properties Limited
Suite 3201, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

In respect of the other shareholding/entitlement affairs:
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WHISTLEBLOWING POLICY

The Company has adopted a whistleblowing policy to facilitate the achieving of high possible standards of openness, probity and accountability. Procedures are formulated to enable individual employees to disclose internally and at a high level, information which the individual believes that it shows malpractice or impropriety within the Group. During the year under review, no incident of fraud or misconduct was reported from employees that have material effect on the Group's financial statements and overall operations.

COMPANY SECRETARY

Ms. Wong Chin Han, is an employee of the Group who was appointed as a full-time company secretary of the Group, reports directly to the Board and is responsible for, *inter alia*, providing updated and timely information to all Directors from time to time.

During the year ended 31 March 2018, Ms. Wong has complied with Rule 3.29 of the Listing Rules.

CORPORATE SOCIAL RESPONSIBILITY

The Group is conscious of its role as a socially responsible group of companies. It has made donations for community wellbeing from time to time, supports the communities and encourages its employees to participate in any charitable events and caring services.

CONSTITUTIONAL DOCUMENT

During the year ended 31 March 2018 and up to the date of this annual report, there was no change in the constitutional document. The Memorandum of Association and the Bye-laws of the Company are available on the websites of the Stock Exchange and the Company at www.hkexnews.hk and www.woproperties.com, respectively.

CONCLUSION

Going forward, the Group will continue to review its corporate governance practices regularly to maintain high level of transparency, to enhance the Company's competitiveness and operating efficiency and to ensure its sustainable development and to generate greater returns for its shareholders.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries comprise property development and property investment in Hong Kong, details of which are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2018 and the Group's financial position at that date are set out in the consolidated financial statements on pages 67 to 141.

The Group's revenue and profit attributable to owners of the parent for the year ended 31 March 2018 amounted to approximately HK$1,351.8 million (2017: approximately HK$152.4 million) and approximately HK$1,808.5 million (2017: approximately HK$38.8 million), respectively.

The Board has recommended the payment of a final dividend of HK0.65 cent (2017: Nil) per ordinary share for the year ended 31 March 2018 to shareholders whose names appear on the register of members of the Company as of Thursday, 6 September 2018. The final dividend will be paid on or around Monday, 17 September 2018, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Wednesday, 29 August 2018. Together with the special dividend of HK1.0 cent paid on 16 March 2018 (2017 full financial year: Nil) per ordinary share, the total dividends for the year ended 31 March 2018 will be HK1.65 cents (2017: Nil) per ordinary share.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 144 of this annual report. This summary does not form part of the audited financial statements.

BUSINESS REVIEW AND ANALYSIS OF KEY FINANCIAL PERFORMANCE INDICATORS

The business review and the key financial performance indicators to the businesses of the Group, including, among other things, the information set out below, are disclosed in the Management Discussion and Analysis on pages 10 to 19 of this annual report:

(a) a fair review of the Group's business;

(b) principal risk factors;

(c) an analysis using financial key performance indicators;

(d) key relationships with its employees, suppliers, contractors and customers; and

(e) future development in the Group's business.

The environmental policies and performance of the Group are disclosed in the Environmental, Social and Governance Report set out on pages 23 to 37 of this annual report.

As far as the Board is concerned, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 March 2018.

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 26 and 27 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

REPORT OF THE DIRECTORS (CONTINUED)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, every Director and other officers shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, losses or liabilities which they may incur or sustain by or by reason of any act done about the execution of the duties of their respective offices or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and other officers of the Group for the year.

DISTRIBUTABLE RESERVES

At 31 March 2018, the Company's reserves available for distribution to equity holders of the parent, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to approximately HK$2,530.9 million (2017: approximately HK$2,048.0 million), of which approximately HK$98.8 million has been proposed as a final dividend for the year ended 31 March 2018.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2018, sales to the Group's five largest customers accounted for approximately 5.0% (2017: approximately 45.7%) of the total revenue and the sales to the single largest customer accounted to approximately 1.5% (2017: approximately 30.2%). Acquisition cost of land/properties and cost of services certified by authorised person of the Group's five largest suppliers accounted for approximately 91.4% (2017: approximately 93.1%) of the total acquisition cost of land/properties and cost of services certified by authorised person of and the single supplier included therein amounted to approximately 53.8% (2017: approximately 57.2%) of the total purchases for the year.

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

DIRECTORS

The Directors during the year were:

Executive Directors

Mr. Wong Yiu Hung Gary, *Chief Executive Officer*
Mr. Tang Ho Hong

Non-executive Director

Mr. Chan Chun Hong, *Chairman*

Independent Non-executive Directors

Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung

In accordance with Bye-law 84(1) of the Bye-laws, Mr. Wong Yiu Hung Gary and Mr. Sung Tze Wah will retire and, being eligible, will offer themselves for re-election as an executive Director and an INED, respectively, at the forthcoming annual general meeting of the Company.

The Company has received written annual confirmations of independence from Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, being all INEDs, pursuant to Rule 3.13 of the Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 20 to 22 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Directors being proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in notes 8 and 36 to the financial statements, no Directors nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the Company, the holding company of the Company or any of its subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors nor their respective associates had an interest in a business, apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Save as disclosed below, as at 31 March 2018, none of the Directors and chief executive of the Company and/or any of their respective associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code under the Listing Rules:

Long positions in the underlying shares of share options of Easy One, an associate corporation of the Company:

Name of Director	Date of grant	Exercise price per share HK$	Number of share options outstanding	Exercisable period	Number of underlying shares	Approximate percentage of Easy One's total issued share capital (Note) %
Mr. Chan Chun Hong	23.2.2018	0.48	4,600,000	23.02.2018 – 22.02.2025	4,600,000	0.83

Note: The percentage represented the number of shares over the total issued share capital of Easy One as at 31 March 2018 was 556,432,500 shares.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") with the approval of the shareholders of the Company at the annual general meeting held on 9 August 2016 for the primary purpose of providing incentives or rewards for the eligible persons for their contribution or potential contribution to the development and the growth of the Group. The Share Option Scheme became effective on 9 August 2016 and, unless otherwise terminated earlier by the shareholders in a general meeting, will remain in full force for a period of 10 years from that date.

Under the Share Option Scheme, share options may be granted to any Director or proposed Director (whether executive or non-executive, including INEDs), employee or proposed employee (whether full-time or part-time), secondee, any holder of securities issued by any member of the Group or holding company or any substantial shareholder or any company controlled by a substantial shareholder, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants.

The Board may grant share options to eligible participants to subscribe for shares of the Company for a consideration of HK$1.00 for each lot of share options granted which must be accepted within 30 days from the offer date. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings of the Company.

The maximum number of share options that may be granted under the Share Option Scheme is the number, upon their exercise, not in aggregate exceeding 30% of the issued share capital of the Company from time to time, excluding any shares issued on the exercise of share options. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes shall not in aggregate exceed 10% of the number of shares in issue, as at the date of approval of the Share Option Scheme.

The maximum number of shares issuable under share options to each eligible participant (except for a substantial shareholder or an INED or any of their respective associates) under the Share Option Scheme within any 12-month period is limited to 1% of the number of shares of the Company in issue at any time. Any further grant of share options in excess of such limit must be separately approved by shareholders with such eligible participant and his/her associates abstaining from voting. Share options granted to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the INEDs (excluding any INED who is the grantee of the options). Where any grant of share options to a substantial shareholder or an INED (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of Share Options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue, and having an aggregate value, based on the closing price of the Company's shares at each date of grant, in excess of HK$5 million, such further grant of share options is required to be approved by shareholders in a general meeting of the Company in accordance with the Listing Rules. Any change in the terms of a share option granted to a substantial shareholder or an INED (or any of their respective associates) is also required to be approved by shareholders of the Company.

REPORT OF THE DIRECTORS (CONTINUED)

The exercise price must be at least the higher of (i) the official closing price of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange on the offer date which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company.

As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme is 1,520,000,000 shares, representing 10.0% of the share capital of the Company in issue at the date of this annual report.

During the year, no share options were granted, exercised, lapsed, cancelled or outstanding under the Share Option Scheme.

Further details of the Share Option Scheme are set out in note 27 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2018, to the best knowledge of the Directors, the register of substantial shareholders maintained by the Company pursuant to Section 336 of Part XV of the SFO showed that the following shareholders, had notified the Company and the Stock Exchange of relevant interests and short positions in the shares and underlying shares of the Company:

Long positions in the ordinary shares of the Company:

Name of shareholders	Notes	Capacity	Number of shares	Percentage of the Company's total issued share capital (Note 3) %
WOG	(1)	Interest of controlled corporation	11,400,000,000	75.0
Mr. Tang Ching Ho	(2)	Other interest	11,400,000,000	75.0
Ms. Yau Yuk Yin	(2)	Other interest	11,400,000,000	75.0

Notes:

(1) WOG held the entire issued share capital of Wang On Enterprises (BVI) Limited ("**WOE**") which in turn held the entire issued share capital of Earnest Spot Limited ("**Earnest Spot**"). Earnest Spot directly held 11,400,000,000 shares of the Company. Under the SFO, each of WOE and WOG was deemed to be interested in all the aforesaid shares held by Earnest Spot for the sole purpose of Part XV of the SFO.

(2) Under the SFO, Mr. Tang Ching Ho was deemed to be interested in approximately 52.75% of the total issued share capital of WOG through (i) his personal interest; (ii) his spouse's interest in WOG; (iii) his corporate interest via Caister Limited, a corporation controlled by him; and (iv) his interest being an appointer of a discretionary trust, namely Tang's Family Trust. Ms. Yau Yuk Yin, spouse of Mr. Tang Ching Ho, was also deemed to be interested in approximately 52.75% of the total issued share capital of WOG through (i) her personal interest; (ii) Mr. Tang Ching Ho's interest in WOG; and (iii) being a beneficiary of the Tang's Family Trust. Therefore, each of Mr. Tang Ching Ho and Ms. Yau Yuk Yin were deemed to be interested in all 11,400,000,000 shares of the Company held by WOG for the sole purpose of Part XV of the SFO.

(3) The relevant percentages have been calculated by reference only to the aggregate number of shares of the Company in issue of 15,200,000,000 shares as at 31 March 2018.

REPORT OF THE DIRECTORS (CONTINUED)

Save as disclosed above, as at 31 March 2018, there were no persons, other than Directors or chief executive of the Company who had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Group's connected transactions and continuing connected transactions conducted during the year and disclosed in accordance with Chapter 14A of the Listing Rules are as follows:

(A) Connected Transactions

(1) Disposal of Properties

On 7 February 2018, East Run Investments Limited ("**East Run**"), an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "**SP Agreement**") with Guidepost Investments Limited ("**Guidepost Investments**"), an indirectly wholly-owned subsidiary of WYT in respect of the sale by East Run and the purchase by Guidepost Investments of the entire issued share capital in, and all shareholder's loans owed by (the "**Disposal**"), Oriental Sino Investments Limited, Precious Investments Limited, Shiny World Investment Limited and Wang To Investments Limited (collectively referred as the "**Target Companies**"). The consideration for the Disposal was HK$350.0 million, subject to adjustment by reference to the net current asset value of the Target Companies at completion. The Target Companies were the respective registered owner of the commercial properties below, which were the sole assets of the Target Companies and subject to mortgage:

Registered owner	Address	Saleable floor area (square feet)
Oriental Sino Investments Limited	Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong	1,204
Precious Investments Limited	Ground and Mezzanine Floor, No. 166 Sai Yeung Choi Street South, Kowloon	1,318
Shiny World Investment Limited	Shop B on Ground Floor, Nos. 106-108 Shau Kei Wan Road, Hong Kong	791
Wang To Investments Limited	Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories	712

REPORT OF THE DIRECTORS (CONTINUED)

The Group's property development business has proved to be more profitable than its property investment business. The Board therefore intends to focus the deployment of the Group's resources to its property development segment. The Disposal allows the Group to reduce its gearing ratio and further optimising the Group's capital structure. Although the consideration was at a discount of approximately 12.4% to the preliminary valuation of the above properties conducted by an independent valuer arrived at using the market approach, the Board considered that the Group can realise all the four properties simultaneously through the transaction and thereby diverting its resources in the more profitable property development segment.

Pursuant to the SP Agreement, the Disposal was conditional upon the fulfillment or, where applicable, waiver of certain conditions (the "**Conditions Precedent**"). Subject to the fulfillment (or waived, as the case may be) of the conditions stated in the SP Agreement, completion of the transaction under the SP Agreement was expected to take place on or before 29 March 2018 (or such other date as East Run and Guidepost Investments may agree in writing), upon which the Target Companies will cease to be subsidiaries of the Company and will become subsidiaries of WYT.

WOG was the indirect controlling shareholder of both the Company and WYT holding, respectively, 75% and approximately 56.5% of all the issued shares in the Company and WYT. Accordingly, each of East Run and Guidepost Investments was an associate of WYT and the Company respectively for the purposes of the Listing Rules, and the transactions contemplated under the SP Agreement constitute a connected transaction for WYT and the Company. As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Disposal exceed 25% and are below 100% for the Company, the SP Agreement and the transactions contemplated thereunder constitute a connected transaction and a major transaction for the Company and was therefore subject to the reporting, announcement and the independent shareholders' approval requirements under Chapters 14A and 14 of the Listing Rules. Further details of the Disposal are set out in the announcement jointly issued by the Company and WYT dated 7 February 2018 and the Company's circular dated 29 March 2018.

The Disposal was approved at the SGM of the Company held on 20 April 2018. Completion of the Disposal took place on 25 April 2018.

REPORT OF THE DIRECTORS (CONTINUED)

(B) Continuing Connected Transactions

Set out below are information in relation to the continuing connected transactions entered into by the Group which are subject to be disclosed in this annual report under Chapter 14A of the Listing Rules:

Immediately upon WYT becoming a subsidiary of WOG on 29 September 2016, entering into following tenancy and licensing agreements became continuing connected transactions for the Company during the year under review:

(1) Tenancy Agreement

On 18 February 2015, Wai Yuen Tong (Retail) Limited ("**WYTR**") (a subsidiary of WYT), as a tenant, and Oriental Sino Investments Limited ("**Oriental Sino**") (an indirectly wholly-owned subsidiary of WOG at the time the tenancy agreement was entered into and which became an indirectly wholly-owned subsidiary of the Company under the spin-off), as a landlord, entered into a tenancy agreement to lease a shop located at Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong for a term of three years commencing from 16 February 2015 and expiring on 15 February 2018 at a monthly rental of HK$900,000 (with an option exercisable by WYTR to renew the tenancy for further three years at the monthly rental of HK$1,020,000).

During the year under review, total annual rental paid by WYTR to Oriental Sino under the abovementioned tenancy was approximately HK$9,482,000 which was within the specific cap of HK$9,500,000;

(2) WOP Office Sub-Licensing Agreement

On 19 September 2016, Daywin Limited (an indirectly wholly-owned subsidiary of WYT), as the licensor, entered into the office sub-licensing agreement (the "**WOP Office Sub-Licensing Agreement**") with Wang On Properties Services Limited, as the licensee, (an indirectly wholly-owned subsidiary of the Company) in respect of the sub-licensing of office premises located at units 01 and 07 to 12, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong to the Group for a term commencing from 18 September 2016 and expiring 17 July 2019 (both dates inclusive) at a monthly license fee of HK$414,672, together with other monthly charges, including management fee and air-conditioning charges, rates, Government rent and others (subject to increment of not exceeding 5% each year).

During the year under review, the total amount of license fee paid by the Company to WYT under the WOP Office Sub-Licensing Agreement was approximately HK$6,635,000 which was within the specific cap of HK$6,800,000.

The INEDs have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) in accordance with the terms of the respective agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole;

(iii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(iv) has not exceeded the specified caps.

REPORT OF THE DIRECTORS (CONTINUED)

> 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 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young has issued an unqualified letter containing their 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 Stock Exchange.

Save as disclosed above, further details of other related party transactions undertaken by the Group in the ordinary course of business during the year, which fell under Rule 14A.73 of the Listing Rules, are set out in note 36 to the financial statements.

The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules and save as disclosed above, there were no other transactions which need to be disclosed as continuing connected transactions entered into by the Group during the year ended 31 March 2018.

NON-COMPETITION UNDERTAKING

As disclosed in the Prospectus, WOG and the Company entered into a deed of non-competition (the "**Deed**") under which WOG had undertaken, among other things, to make an annual confirmation as to the compliance with the terms of the Deed. The Company has received a confirmation from WOG that it has complied with the terms of the Deed for the year ended 31 March 2018 and INEDs have reviewed the compliance by WOG with the Deed for that period.

DONATIONS

During the year, the Group made charitable and other donations totaling approximately HK$7.2 million (2017: approximately HK$6.7 million).

EMOLUMENT POLICY

The Group's emolument policy for its employees is set up and approved by the Remuneration Committee and the Board on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee and the Board, as authorised by the shareholders at the annual general meeting of the Company, having regarded to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees, details of the Share Option Scheme are set out in note 27 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 38 to 49 of this annual report.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, the Company has appointed Kingston Corporate Finance Limited ("**KCF**") to be the compliance adviser. Pursuant to the agreement dated 28 December 2015 entered into between KCF and the Company, KCF will receive fees for acting as the Company's compliance adviser.

REPORT OF THE DIRECTORS (CONTINUED)

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The Company established the Audit Committee with specific written terms of reference in compliance with Rule 3.21 of the Listing Rules on 17 March 2016. During the year, the Audit Committee met twice with the management and the external auditors to review and consider, among other things, the accounting principles and practices adopted by the Group, the financial report matters (including the agreed-upon procedures on the audited consolidated financial statement for the year ended 31 March 2018 and the review of consolidated interim results for the period of six-month ended 30 September 2017), the statutory compliance, internal controls, continuing connected transaction(s) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget.

The Audit Committee, comprising three INEDs, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, has reviewed the consolidated financial statements for the year ended 31 March 2018 with the management and the auditors. Mr. Li Wing Sum Steven was elected as the chairman of the Audit Committee.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events of the Group after the reporting year are set out in note 40 to the financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 March 2018 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for re-appointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Chan Chun Hong
Chairman

Hong Kong, 20 June 2018

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Wang On Properties Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Wang On Properties Limited (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 141, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
The Group holds various investment properties in Hong Kong for rental earning purpose. Such investment properties were measured at fair value at the end of each reporting period and the aggregate carrying amount of these investment properties was HK$1,517,266,000 as at 31 March 2018, which represented approximately 36.3% of the net assets of the Group. Significant estimation is required to determine the fair values of the investment properties, which reflect market conditions at the end of the reporting period. The Group engaged an external valuer to perform the valuation of these investment properties as at 31 March 2018 and where applicable, in the absence of current prices in an active market for similar properties, the external valuer considered information from a variety of sources such as current prices of properties of similar locations and conditions. The accounting policies and disclosures in relation to valuation of investment properties are included in notes 2.4, 3 and 14 to the consolidated financial statements.	Our audit procedures to assess the valuation of investment properties included the following: • obtained and reviewed the valuation reports prepared by the external valuer engaged by the Group; • assessed the external valuer's qualifications, experience and expertise and considered the external valuer's objectivity and independence; • involved our internal valuation specialists to assist us to assess the valuation methodologies applied and the key assumptions and estimates adopted in the valuation; and • assessed the adequacy of the disclosures of the valuation of the investment properties in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter

Disposals of subsidiaries

During the year, the Group completed the disposals of two subsidiaries and recorded an aggregate gain of HK$1,247,461,000 from these disposals. Details of these disposals are summarised below:

(i) Disposal of the WS Group

In June 2017, the Group entered into a sale and purchase agreement with an independent third party for the disposal of a 50% equity interest in Wonder Sign Limited ("Wonder Sign" and together with its subsidiary the "WS Group"), together with the benefit of 50% of the related shareholder's loan, for an aggregate consideration of HK$713,660,000. The transaction was completed in June 2017.

As at the date of disposal, the WS Group held a land parcel in Hong Kong under development. Management considered that it was a business disposal because the business activities carried out by the WS Group for the development of the related land parcel qualified as a business under the relevant accounting standard.

As a result, the Group recorded a disposal gain of HK$457,143,000 in profit or loss. Moreover, the remaining 50% interest in Wonder Sign retained by the Group was remeasured at fair value which was the cost on initial recognition of an investment in a joint venture at the date when the Group lost control over Wonder Sign. As a result of the remeasurement, the Group recognised a gain of HK$467,039,000 in profit or loss.

Our audit procedures to assess the impact of the disposals of subsidiaries included the following:

- obtained and reviewed the related sale and purchase agreements entered into by the Group;
- obtained and reviewed the major contracts signed by the project companies of the WS Group and the EM Group to assess the status of the property development projects and the business activities carried out by each of the WS Group and the EM Group;
- visited the sites of the property projects to observe its physical status;
- reviewed the calculations of the gains arising from the disposals; and
- assessed the adequacy of the disclosures of the disposals in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
***Disposals of subsidiaries* (Continued)** (ii) Disposal of the EM Group In September 2017, the Group entered into another sale and purchase agreement with an independent third party for the disposal of a 60% equity interest in Ease Mind Investments Limited ("Ease Mind", and together with its subsidiary the "EM Group"), together with the benefit of 60% of the related shareholder's loan, for an aggregate consideration of HK$2,441,253,000. The transaction was completed in November 2017. As at the date of disposal, the EM Group held a land parcel in Hong Kong without any development. Management considered that it was an asset disposal because the operation of the EM Group did not qualify as a business under the relevant accounting standard. As a result, the Group recorded a disposal gain of HK$790,318,000 in profit or loss and recorded the remaining 40% interest in Ease Mind retained by the Group as an investment in a joint venture. The disposals of these subsidiaries have been identified as a key audit matter because the effect of the disposal is significant for the current year, and the judgement involved in the assessment of whether each disposal is a disposal of a business or an asset. The accounting policies and disclosures of the disposals of subsidiaries are included in notes 2.1, 2.4, 3 and 31 to the consolidated financial statements.	

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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, in accordance with section 90 of the Bermuda Companies Act 1981, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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 CHUNG, Ho Ling.

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

20 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
REVENUE	5	**1,351,843**	152,417
Cost of sales		**(845,417)**	(92,464)
Gross profit		**506,426**	59,953
Other income and gains, net	5	**1,742,612**	12,792
Selling and distribution expenses		**(75,980)**	(52,669)
Administrative expenses		**(106,348)**	(71,157)
Finance costs	7	**(62,943)**	(12,333)
Fair value gains on investment properties, net	14	**2,081**	43,213
Share of losses of joint ventures		**(895)**	—
Reversal of write-down of properties under development		**—**	44,411
PROFIT BEFORE TAX	6	**2,004,953**	24,210
Income tax credit/(expense)	10	**(60,582)**	4,175
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,944,371**	28,385
Profit and total comprehensive income attributable to:			
Owners of the parent		**1,808,456**	38,816
Non-controlling interests		**135,915**	(10,431)
		1,944,371	28,385
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted		**HK11.90 cents**	HK0.26 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	95,476	1,314
Investment properties	14	759,000	1,229,300
Properties under development	15	152,997	415,004
Investments in joint ventures	17	1,413,350	—
Loan receivable	18	600,000	—
Deposit and other receivable	19	7,320	32,844
Deferred tax assets	25	18,592	10,950
Total non-current assets		3,046,735	1,689,412
CURRENT ASSETS			
Properties under development	15	2,599,460	3,103,588
Properties held for sale	16	719,080	—
Prepayments, deposits and other receivables	19	1,463,650	1,874,491
Tax recoverable		260	3,331
Cash and cash equivalents	20	1,553,803	1,357,233
		6,336,253	6,338,643
Assets of disposal subsidiaries classified as held for sale	21	764,714	—
Total current assets		7,100,967	6,338,643
CURRENT LIABILITIES			
Trade payables	22	159,187	45,363
Other payables and accruals	23	32,814	11,595
Deposits received and receipts in advance		2,276,270	2,709,175
Interest-bearing bank and other loans	24	537,402	432,502
Tax payable		84,037	21,515
		3,089,710	3,220,150
Liabilities directly associated with the assets classified as held for sale	21	311,322	—
Total current liabilities		3,401,032	3,220,150
NET CURRENT ASSETS		3,699,935	3,118,493
TOTAL ASSETS LESS CURRENT LIABILITIES		6,746,670	4,807,905

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT LIABILITIES			
Other payables	23	164,958	—
Interest-bearing bank and other loans	24	2,397,053	2,413,416
Deferred tax liabilities	25	745	2,875
Total non-current liabilities		2,562,756	2,416,291
Net assets		4,183,914	2,391,614
EQUITY			
Equity attributable to owners of the parent			
Issued capital	26	15,200	15,200
Reserves	28	4,044,544	2,388,159
		4,059,744	2,403,359
Non-controlling interests		124,170	(11,745)
Total equity		4,183,914	2,391,614

Wong Yiu Hung Gary
Director

Tang Ho Hong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

		Attributable to owners of the parent								
	Notes	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000 (note 28(i))	Capital reserve HK$'000 (note 28(ii))	Merger reserve HK$'000 (note 28(iii))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2016		1	–	1,553,914	(431)	–	478,971	2,032,455	(1,314)	2,031,141
Profit and total comprehensive income for the year		–	–	–	–	–	38,816	38,816	(10,431)	28,385
Issue of new shares pursuant to the Share Offer	26	3,800	345,800	–	–	–	–	349,600	–	349,600
Issue of new shares pursuant to the Capitalisation Issue	26	11,399	(11,399)	–	–	–	–	–	–	–
Share issue expenses		–	(17,512)	–	–	–	–	(17,512)	–	(17,512)
At 31 March 2017 and 1 April 2017		15,200	316,889	1,553,914	(431)	–	517,787	2,403,359	(11,745)	2,391,614
Profit and total comprehensive income for the year		–	–	–	–	–	1,808,456	1,808,456	135,915	1,944,371
Deemed contribution from WOG	30	–	–	–	–	(71)	–	(71)	–	(71)
Special dividend declared and paid	11	–	–	–	–	–	(152,000)	(152,000)	–	(152,000)
At 31 March 2018		15,200	316,889*	1,553,914*	(431)*	(71)*	2,174,243*	4,059,744	124,170	4,183,914

* These reserve accounts comprise the consolidated reserves of HK$4,044,544,000 (2017: HK$2,388,159,000) 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		2,004,953	24,210
Adjustments for:			
Finance costs	7	62,943	12,333
Interest income from bank deposits	5	(12,747)	(3,566)
Interest income from a loan receivable	5	(4,448)	—
Gain on disposals of subsidiaries, net	5	(1,247,461)	—
Gain on remeasurement of the 50% equity interest in the WS Group retained by the Group classified as a joint venture	5	(467,039)	—
Share of losses of joint ventures		895	—
Fair value gains on investment properties, net	14	(2,081)	(43,213)
Depreciation	6	891	92
Write-off of property, plant and equipment	6	740	—
Reversal of write-down of properties under development	15	—	(44,411)
Accrued rent-free rental income	14	1,513	1,228
		338,159	(53,327)
Decrease/(increase) in properties held for sale		(719,080)	92,473
Decrease/(increase) in properties under development		319,279	(511,695)
Increase in prepayments, deposits and other receivables		(547,815)	(1,869,019)
Increase in trade payables		113,824	7,855
Increase/(decrease) in other payables and accruals		21,146	(10,741)
Increase/(decrease) in deposits received and receipts in advance		(427,884)	2,695,608
Cash generated from/(used in) operations		(902,371)	351,154
Profits tax paid		(2,076)	(34,998)
Net cash flows from/(used in) operating activities		(904,447)	316,156
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		12,747	3,566
Additions to investment properties	14	(12,849)	(95,890)
Purchases of items of property, plant and equipment	13	(799)	(1,336)
Acquisitions of subsidiaries that are not a business	30	(943,543)	(509,400)
Proceeds from disposals of subsidiaries	31	2,519,994	—
Cash advanced from joint ventures		523,395	—
Deposit paid for acquisition of a subsidiary		—	(27,455)
Net cash flows from/(used in) investing activities		2,098,945	(630,515)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Net cash flows from/(used in) investing activities		**2,098,945**	(630,515)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(117,986)**	(114,969)
Repayment of bank loans		**(2,370,306)**	(1,250,131)
Repayment of other loans		**(27,848)**	(263,197)
New bank loans		**1,662,858**	2,447,488
New other loans		**12,400**	47,680
Dividend paid		**(152,000)**	—
Proceeds from issue of shares	26	**—**	349,600
Share issue expenses		**—**	(20,710)
Net cash flows from/(used in) financing activities		**(992,882)**	1,195,761
NET INCREASE IN CASH AND CASH EQUIVALENTS		**201,616**	881,402
Cash and cash equivalents at beginning of year		**1,357,233**	475,831
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,558,849**	1,357,233
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	20	**1,553,803**	1,357,233
Add: included in the assets classified as held for sale	21	**5,046**	—
Cash and cash equivalents as stated in the consolidated statement of cash flows		**1,558,849**	1,357,233

NOTES TO FINANCIAL STATEMENTS

31 March 2018

1. CORPORATE AND GROUP INFORMATION

Wang On Properties Limited is a limited liability company incorporated in Bermuda on 19 November 2015. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at Suite 3201, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 April 2016.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the property development and property investment businesses.

In the opinion of the directors, Earnest Spot Limited ("Earnest Spot"), a company incorporated in the British Virgin Islands ("BVI"), is the immediate holding company of the Company, and Wang On Group Limited ("WOG"), a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange, is the ultimate holding company of the Company.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Antic Investment Limited ("Antic Investment")@	Hong Kong	Ordinary HK$1	–	100	Property investment
City Global Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
City Target Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
East Run Investments Limited	BVI	Ordinary US$1	–	100	Investment holding
Ever World Limited*	Hong Kong	Ordinary HK$1	–	100	Property development

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Grandwall Investment Limited ("Grandwall")	Hong Kong	Ordinary HK$100	–	60	Property development
Longable Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Miracle Cheer Limited	BVI	Ordinary US$1	100	–	Investment holding
More Action Investments Limited	BVI	Ordinary US$1	–	100	Investment holding
New Earth Investments Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
New Rich Investments Limited ("New Rich")	Hong Kong	Ordinary HK$100	–	60	Property development
Oriental Sino Investments Limited ("Oriental Sino")@	Hong Kong	Ordinary HK$2	–	100	Property investment
Precious Investments Limited ("Precious Investments")@	Hong Kong	Ordinary HK$1	–	100	Property investment
PT Harvest Holdings Limited ("PT Harvest")@	Hong Kong	Ordinary HK$10,000	–	100	Property investment
Rich United Limited ("Rich United")	Hong Kong	Ordinary HK$1	–	100	Property development
Shiny World Investment Limited ("Shiny World")@	Hong Kong	Ordinary HK$1	–	100	Property investment
Sky Earth Limited	Hong Kong	Ordinary HK$1	–	100	Provision of financial services

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Sparkle Hope Limited	BVI	Ordinary US$1	–	100	Investment holding
Stadium Holdings Limited	Hong Kong	Ordinary HK$2	–	100	Property investment
Swift Prosper Limited	BVI	Ordinary US$1	–	100	Investment holding
Vincent Investments Limited*	Hong Kong	Ordinary HK$2	–	100	Property development
Wang On Properties Services Limited	Hong Kong	Ordinary HK$1	–	100	Provision of management services
Wang On Services Limited	Hong Kong	Ordinary HK$1	–	100	Provision of management services
Wang To Investments Limited ("Wang To")@	Hong Kong	Ordinary HK$2	–	100	Property investment
Wise Ocean International Limited ("Wise Ocean")	Hong Kong	Ordinary HK$2	–	100	Property holding

* Certain bank loans of the Group are secured by share charges in respect of the equity interests of these subsidiaries (note 24).

@ Disposed of by the Group subsequent to 31 March 2018 (note 21).

Details of the subsidiaries acquired and disposed of during the year are summarised in notes 30 and 31 to the financial statements, respectively.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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 (i) investment properties which have been measured at fair value; and (ii) disposal groups held for sale which are stated at the lower of its carrying amount and fair value less costs to sell, as further explained in the note 2.4 to the financial statements. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

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 32 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

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*[3]
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*[4]
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 HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (Continued)

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.

(a) 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.

(b) 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, the Group has performed a detailed assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the impairment requirements are summarised as follows:

    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 loan and interest receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months.

    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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (Continued)

(b) (Continued)

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the amount of impairment loss would be recognised by the Group as at 1 April 2018 as compared to HKAS 39 mainly attributable to expected credit losses provision on loan receivable. Such impairment recognised under expected credit loss model would reduce the opening retained profits and increase the deferred tax assets as at 1 April 2018.

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

(d) 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (Continued)

(d) (Continued)

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

Sale of properties

The Group sells completed properties in Hong Kong. The expected impacts arising from the adoption of HKFRS 15 on the Group are summarised as follows:

Timing of revenue recognition

Currently, sale of completed properties is recognised when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreements, and the collectability of related receivables is reasonably assured.

Upon the adoption of HKFRS 15, revenue from the sale of completed properties will be recognised when control over the properties is transferred to the buyers. Judgement will be required to assess whether control transfers over time or at a point of time. Properties that have no alternative use to the Group due to contractual restriction and which the Group has an enforceable right to payment from the customers for performance completed to date, the Group will recognise revenue as the performance obligations are satisfied over time by applying an input method for measuring progress.

The Group has assessed that the sale agreements used by the Group are standardised in a large extent and in the case of pre-completion sales using standard agreements for sale and purchase, the Group does not have an enforceable right to payment for performance completed to date in accordance with HKFRS 15, and accordingly, the criteria for recognising revenue over time are not met. The Group expects to recognise the sale of completed properties until the point in time at which the Group delivers the properties to the buyers. The Group does not anticipate that the adoption of HKFRS 15 will have a material impact on the timing of revenue recognised in the respective periods.

Sales commission

The Group pays commission to the sales agents when agreement for sale and purchase is signed with a property buyer. Following the adoption of HKFRS 15, incremental costs of obtaining a contract, including sales commission, if recoverable, are capitalised as an asset and shall be amortised on a systematic basis that is consistent with the transfer of the related property to the customer. Currently, the Group capitalised the sales commission as an asset until it is recognised in profit or loss at the same time when revenue from the related completed property is recognised. Accordingly, the adoption of HKFRS 15 will not have a material impact on the recognition of sale commission in the respective periods.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (Continued)

(d) (Continued)

Sale of properties (Continued)

Financing component for sale of completed properties

HKFRS 15 requires property developers to account for the financing component in a contract separately from revenue if the financing effects are significant, subject to a practical expedient where the period between the payment and delivery of properties will be less than one year. Currently, (i) the Group offers property buyers a discount if they opt to pay the purchase price in full within 120–180 days of signing the provisional agreement of sale and purchase; and (ii) it is expected that the length of time between the payment and delivery of properties of the Group's projects will exceed one year. Accordingly, the financing component is considered to be significant. The amount of the financing component is estimated at the contract inception and the payment plan is confirmed by the property buyer by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. Interest expense is recognised only to the extent that a contract liability (receipts in advance) is recognised in accounting for the contract with the customer. The Group expects an adjustment to increase in properties under development with a corresponding increase in receipts in advance.

(e) 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (Continued)

(e) (Continued)

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 33(b) to the financial statements, at 31 March 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of HK$12,124,000. 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.

(f) 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Asset acquisitions and business combinations

Where a property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The basis of the judgement is set out in note 3.

Where such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the corporate entity or assets and liabilities is allocated between the identifiable assets and liabilities (of the entity) based on their relative values at the acquisition date. Accordingly, no goodwill or deferred taxation arises.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its investment properties 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.

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 each reporting period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, properties under development, properties held for sale, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(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.

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	2% or over the lease terms
Leasehold improvement	15% to 33% over the lease terms
Furniture, fixtures and office equipment	15% to 50%
Motor vehicles	20%
Computer equipment	15% to 33%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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

An item of property, plant and equipment including 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 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.

When an operating lease contract is entered into with another party on a property originally held for sale and upon the commencement of the lease, the property is transferred to investment property. The difference between the fair value of the property at the date of transfer and its then carrying amount is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

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 profit or loss so as to provide a constant periodic rate of charge over the lease terms.

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.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Sales deposits/instalments received and receivable from purchasers in respect of the pre-sale of properties under development prior to completion of the development are included in current liabilities.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables 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.

The Group’s financial assets include cash and cash equivalents, deposits and other receivables and loan receivables.

Subsequent measurement

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

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 in finance costs for loans and in other expenses for receivables.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 primary derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists of 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).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

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 amount of 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 other expenses in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

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

The Group's financial liabilities include trade and other payables, accruals and interest-bearing bank and other loans.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

Provisions

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

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income tax 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

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

(b) from the provision of services, when the services are rendered;

(c) from the sale of properties (including properties under development and completed properties held for sale), by the time the properties are delivered to the purchasers and the sale agreements become unconditional; and

(d) interest income, on an accrual basis using the effective interest rate 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.

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 for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 27 to the financial statements.

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 services 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, 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.

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 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.

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 note 11 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

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 accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Classification between disposal of assets and disposal of business

During the year ended 31 March 2018, the Group entered into sale and purchase agreements with independent third parties for the disposal of partial interest in subsidiaries that are engaged in property development in Hong Kong and such disposals resulted in the loss of control by the Group over those subsidiaries. As at the date of disposals, management of the Company considers whether the development of the property projects has commenced. When the development has commenced, it is accounted for as a disposal of business and the remaining interests retained by the Group are remeasured and the fair value of the retained interests is recognised in full as the initial carrying amount of the joint venture. On the contrary, when the development has not commenced, it is accounted for as a disposal of partial interest of the underlying assets. The remaining interests retained by the Group are eliminated against the unrealised fair value increase of the underlying assets and therefore the original cost of the retained interests is recognised as the initial carrying amount of the joint venture. Further details of the disposals of partial interests in subsidiaries are given in note 31 to the financial statements.

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.

Valuation of investment properties

Investment properties including industrial and commercial units in Hong Kong and are revalued at the end of the reporting period on a market value, existing use basis by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the end of the reporting period are used.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

4. OPERATING SEGMENT INFORMATION

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

(a) the property development segment engages in the development of properties; and

(b) the property investment segment engages in investment in car parking spaces, industrial and commercial premises for rental or for sale.

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

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the years ended 31 March 2018 and 2017, and the non-current assets of the Group were located in Hong Kong as at 31 March 2018 and 2017.

Year ended 31 March

	Property development		Property investment		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**1,333,515**	46,039	**18,328**	106,378	**1,351,843**	152,417
Other revenue	**1,693,181**	15,924	**34,317**	36,515	**1,727,498**	52,439
Total	**3,026,696**	61,963	**52,645**	142,893	**3,079,341**	204,856
Segment results	**2,052,165**	(2,593)	**43,739**	53,259	**2,095,904**	50,666
Reconciliation:						
Interest income					**17,195**	3,566
Finance costs					**(62,943)**	(12,333)
Corporate and unallocated expenses					**(45,203)**	(17,689)
Profit before tax					**2,004,953**	24,210
Income tax credit/(expense)					**(60,582)**	4,175
Profit for the year					**1,944,371**	28,385

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 March (Continued)

	Property development		Property investment		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other segment information:								
Depreciation	60	92	–	–	831	–	891	92
Reversal of write-down of properties under development	–	44,411	–	–	–	–	–	44,411
Capital expenditure*	131	1,336	287,398	608,115	95,662	–	383,191	609,451
Fair value gains/(losses) on investment properties, net	(31,274)	6,726	33,355	36,487	–	–	2,081	43,213
Gain on disposals of subsidiaries, net	1,247,461	–	–	–	–	–	1,247,461	–
Gain on remeasurement of the 50% equity interest in the WS Group retained by the Group classified as a joint venture	467,039	–	–	–	–	–	467,039	–
Share of losses of joint ventures	895	–	–	–	–	–	895	–
Investments in joint ventures	1,413,350	–	–	–	–	–	1,413,350	–

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

Information about major customers

During the current year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue. During the prior year, revenue of HK$41,440,000 was derived from sales to a single external customer of the property development segment.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents proceeds from the sale of properties and gross rental income received and receivable from investment properties.

An analysis of the Group's revenue, other income and gains, net, is as follows:

	2018 HK$'000	2017 HK$'000
Revenue		
Sale of properties	1,329,255	126,470
Gross rental income	22,588	25,947
	1,351,843	152,417
Other income and gains, net		
Interest income from bank deposits	12,747	3,566
Interest income from a loan receivable	4,448	—
Forfeiture of deposits from customers	3,053	8,232
Management fee income	5,807	—
Gains on disposals of subsidiaries, net (note 31)	1,247,461	—
Gain on remeasurement of the 50% equity interest in the WS Group retained by the Group classified as a joint venture (note 31)	467,039	—
Others	2,057	994
	1,742,612	12,792

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

6. PROFIT BEFORE TAX

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

	Note	2018 HK$'000	2017 HK$'000
Cost of properties sold		**841,518**	90,864
Depreciation	13	**891**	92
Write-off of property, plant and equipment	13	**740**	—
Minimum lease payments under operating leases		**10,016**	8,699
Auditor's remuneration		**1,950**	1,850
Employee benefit expense (including directors' remuneration (note 8)):			
Wages and salaries		**61,421**	54,140
Pension scheme contributions		**1,073**	849
Less: Amount capitalised		**(11,214)**	(11,457)
		51,280	43,532
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**3,899**	1,600

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2018 HK$'000	2017 HK$'000
Interest on bank loans and other loans	**126,864**	64,300
Less: Interest capitalised	**(63,921)**	(51,967)
	62,943	12,333

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2018 HK$'000	2017 HK$'000
Fees	660	641
Other emoluments:		
Salaries, allowances and benefits in kind	4,702	4,263
Performance-related bonuses*	5,840	9,987
Pension scheme contributions	36	36
	10,578	14,286
	11,238	14,927

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the Group's operating results, individual performance of the directors and comparable market practices during the year.

(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. Li Wing Sum	140	136
Mr. Sung Tze Wah	140	136
Sr Dr. Leung Tony Ka Tung	140	136
	420	408

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

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

(b) The chief executive officer, another executive director and a non-executive director

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance-related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2018					
Executive directors:					
Mr. Wong Yiu Hung Gary (Chief executive officer)	–	3,262	3,200	18	6,480
Mr. Tang Ho Hong	–	1,440	2,640	18	4,098
	–	4,702	5,840	36	10,578
Non-executive director:					
Mr. Chan Chun Hong	240	–	–	–	240
	240	4,702	5,840	36	10,818
2017					
Executive directors:					
Mr. Wong Yiu Hung Gary (Chief executive officer)	–	3,100	9,353	18	12,471
Mr. Tang Ho Hong	–	1,163	634	18	1,815
	–	4,263	9,987	36	14,286
Non-executive director:					
Mr. Chan Chun Hong	233	–	–	–	233
	233	4,263	9,987	36	14,519

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2017: two) directors, details of whose remuneration are disclosed in note 8 above. Details of the remuneration for the year of the remaining three (2017: three) non-directors, highest paid employees are as follows:

	2018 HK$'000	2017 HK$'000
Salaries, allowances and benefits in kind	4,320	4,327
Performance-related bonuses	1,395	1,275
Pension scheme contributions	54	54
	5,769	5,656

The number of 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	1	1
HK$1,500,001 to HK$2,000,000	1	1
HK$2,500,001 to HK$3,000,000	1	1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

10. INCOME TAX

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.

	2018 HK$'000	2017 HK$'000
Current — Hong Kong		
Charge for the year	67,459	5,418
Underprovision/(overprovision) in prior years	76	(522)
	67,535	4,896
Deferred (note 25)	(6,953)	(9,071)
Total tax expense/(credit) for the year	60,582	(4,175)

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

	2018 HK$'000	2017 HK$'000
Profit before tax	2,004,953	24,210
Tax at the Hong Kong tax rate of 16.5%	330,817	3,995
Adjustments in respect of current tax of previous periods	76	(522)
Adjustments in respect of deferred tax of previous periods	5	(488)
Profit or losses attributable to joint ventures	148	—
Income not subject to tax	(284,258)	(7,054)
Expenses not deductible for tax	6,124	4,138
Tax losses utilised from previous periods	(92)	(7,108)
Tax losses not recognised	7,987	3,024
Others	(225)	(160)
Tax expense/(credit) at the Group's effective rate	60,582	(4,175)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

11. DIVIDENDS

	2018 HK$'000	2017 HK$'000
Special dividend — HK1.0 cent (2017: Nil) per ordinary share	152,000	—
Proposed final dividend — HK0.65 cent (2017: Nil) per ordinary share	98,800	—
	250,800	—

The final dividend proposed subsequent to the reporting period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company and has not been recognised as a liability at the end of the reporting period. A special dividend of HK1.0 cent (2017: Nil) per ordinary share was declared and paid during the year.

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 owners of the parent of HK$1,808,456,000 (2017: HK$38,816,000) and the weighted average number of ordinary shares in issue during the year of 15,200,000,000 (2017: 15,085,479,452).

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2017 was based on the assumption that the Reorganisation and the Capitalisation Issue (as definded in note 26(i)) in connection with the listing of the shares of the Company and the Share Subdivision (as defined in note 26(iii)) had been completed on 1 April 2015.

No adjustment has been made to the basic earnings per share presented for the year ended 31 March 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during those periods.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvement HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Computer equipments HK$'000	Total HK$'000
31 March 2018						
At 1 April 2017:						
Cost	—	—	89	998	756	1,843
Accumulated depreciation	—	—	(89)	(44)	(396)	(529)
Net carrying amount	—	—	—	954	360	1,314
At 1 April 2017, net of accumulated depreciation	—	—	—	954	360	1,314
Additions	665	—	131	—	3	799
Acquisition of a subsidiary that is not a business (note 30)	94,254	713	27	—	—	94,994
Disposal and write-off	—	(713)	(27)	—	—	(740)
Depreciation provided during the year	(542)	—	(44)	(200)	(105)	(891)
At 31 March 2018, net of accumulated depreciation	94,377	—	87	754	258	95,476
At 31 March 2018:						
Cost	94,919	—	220	998	759	96,896
Accumulated depreciation	(542)	—	(133)	(244)	(501)	(1,420)
Net carrying amount	94,377	—	87	754	258	95,476
31 March 2017						
At 1 April 2016:						
Cost	—	—	89	82	336	507
Accumulated depreciation	—	—	(89)	(12)	(336)	(437)
Net carrying amount	—	—	—	70	—	70
At 1 April 2016, net of accumulated depreciation	—	—	—	70	—	70
Additions	—	—	—	916	420	1,336
Depreciation provided during the year	—	—	—	(32)	(60)	(92)
At 31 March 2017, net of accumulated depreciation	—	—	—	954	360	1,314
At 31 March 2017:						
Cost	—	—	89	998	756	1,843
Accumulated depreciation	—	—	(89)	(44)	(396)	(529)
Net carrying amount	—	—	—	954	360	1,314

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31 March 2018, certain of the Group's land and buildings with a net carrying amount of HK$94,377,000 (2017: Nil) were pledged to secure the Group's general banking facilities (note 24).

14. INVESTMENT PROPERTIES

	2018 HK$'000	2017 HK$'000
Carrying amount at beginning of year	**1,229,300**	579,200
Additions	**12,849**	95,890
Acquisition of a subsidiary that is not a business (note 30)	**274,549**	512,225
Net gain from fair value adjustments	**2,081**	43,213
Accrued rent-free rental income	**(1,513)**	(1,228)
Carrying amount at end of year	**1,517,266**	1,229,300
Included in assets classified as held for sale (note 21)	**(758,266)**	—
Investment properties as stated in the consolidated statement of financial position as at 31 March	**759,000**	1,229,300

The Group's investment properties consist of commercial and industrial properties in Hong Kong.

The investment properties were revalued by Asset Appraisal Limited, an independent professionally qualified valuer, at 31 March 2018. The finance department has a team that reviews the valuation performed by the independent valuer for financial reporting purposes and reports directly to the senior management of the Company. Discussions of valuation processes and results are held between the management and the valuers twice a year when the valuation is performed for interim and annual financial reporting. At the end of each reporting period, the finance department holds discussion with the independent valuers to verify major inputs to the independent valuation reports. The finance department also assesses property valuation movements when compared to the prior year valuation reports.

The investment properties are leased to third parties and a related party under operating leases, further summary details of which are included in notes 33(a) and 36 to the financial statements.

At 31 March 2018, the Group's investment properties with an aggregate carrying value of HK$1,497,266,000 (2017: HK$1,210,100,000) and certain rental income generated therefrom were pledged to secure the Group's general banking facilities granted to the Group (note 24).

Further particulars of the Group's investment properties are included on page 142.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement using significant unobservable inputs (Level 3)	
	2018	2017
	HK$'000	HK$'000
Recurring fair value measurement for:		
Commercial properties	**1,497,266**	1,210,100
Industrial property	**20,000**	19,200
	1,517,266	1,229,300
Included in assets classified as held for sale (note 21)	**(758,266)**	—
Investment properties as stated in the consolidated statement of financial position as at 31 March	**759,000**	1,229,300

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).

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

	Commercial properties	**Industrial property**	**Total**
	HK$'000	HK$'000	HK$'000
Carrying amount at 1 April 2016	562,900	16,300	579,200
Additions	95,890	—	95,890
Accrued rent-free rental income	(1,271)	43	(1,228)
Acquisition of a subsidiary that is not a business (note 30)	512,225	—	512,225
Net gain from fair value adjustments	40,356	2,857	43,213
Carrying amount at 31 March 2017 and 1 April 2017	1,210,100	19,200	1,229,300
Additions	12,849	—	12,849
Accrued rent-free rental income	(1,493)	(20)	(1,513)
Acquisition of a subsidiary that is not a business (note 30)	274,549	—	274,549
Net gain from fair value adjustments	1,261	820	2,081
	1,497,266	20,000	1,517,266
Included in assets classified as held for sale (note 21)	(758,266)	—	(758,266)
Carrying amount at 31 March 2018	739,000	20,000	759,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

14. INVESTMENT PROPERTIES (Continued)

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

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2018	Range or weighted average 2017
Commercial properties	Investment method and direct comparison method	Estimated rental value per square feet and per month	**N/A**	HK$40 to HK$320
		Capitalisation rate	**N/A**	2.3% to 2.9%
		Price per square foot	**HK$18,900 to HK$160,000**	HK$30,472 to HK$77,006
Industrial property	Direct comparison method	Price per square foot	**HK$6,900**	HK$6,495

As at 31 March 2018, the valuations of investment properties were based on direct comparison method by reference to comparable market transactions.

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

15. PROPERTIES UNDER DEVELOPMENT

	2018 HK$'000	2017 HK$'000
Carrying amount at beginning of year	**3,518,592**	2,910,519
Additions (including development cost and capitalised interest)	**1,297,378**	563,662
Reversal of write-down of properties under development (note)	**—**	44,411
Transfer to properties held for sale	**(1,556,184)**	—
Acquisition of a subsidiary that is not a business (note 30)	**2,575,195**	—
Disposals of subsidiaries (note 31)	**(3,082,524)**	—
Carrying amount at end of year	**2,752,457**	3,518,592

Note:

The reversal of write-down of properties under development for the year ended 31 March 2017 was related to a parcel of land held by the Group, the development of which had not been commenced as at 31 March 2017, and was caused by the increase in prices of properties nearby and auction prices for land in Hong Kong. The reversal was limited to the amount of the original write-down and the recoverable amounts were determined with reference to the valuations performed by Asset Appraisal Limited on an open market basis as at 31 March 2017.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

15. PROPERTIES UNDER DEVELOPMENT (Continued)

Properties under development expected to be completed:

	2018 HK$'000	2017 HK$'000
Beyond the normal operating cycle included under non-current assets	**152,997**	415,004
Within the normal operating cycle included under current assets	**2,599,460**	3,103,588
	2,752,457	3,518,592

Properties under development expected to be completed within the normal operating cycle and recovered:

	2018 HK$'000	2017 HK$'000
Within one year	**1,431,194**	487,397
After one year	**1,168,266**	2,616,191
	2,599,460	3,103,588

At 31 March 2018, the Group's properties under development with an aggregate carrying value of HK$1,168,266,000 (2017: HK$1,756,702,000) were pledged to secure the Group's general banking facilities (note 24).

Further particulars of the Group's properties under development are included on page 143.

16. PROPERTIES HELD FOR SALE

	2018 HK$'000	2017 HK$'000
Carrying amount at 31 March	**719,080**	—

At 31 March 2018, the Group's properties held for sale with an aggregate carrying value of HK$576,509,000 (2017: Nil) were pledged to secure the Group's general banking facilities (note 24).

Further particulars of the Group's properties held for sale are included on page 142.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

17. INVESTMENTS IN JOINT VENTURES

	2018 HK$'000
Share of net assets	1,143,389
Loans to joint ventures	269,961
	1,413,350

The loans to joint ventures are unsecured, interest-free and not repayable within one year. In the opinion of the directors, these loans are considered as part of the Group's net investments in the joint ventures.

Particulars of the Group's joint ventures are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Wonder Sign Limited ("Wonder Sign")*	Ordinary shares of US$1 each	BVI	50	50	50	Investment holding
Double Bright Limited ("Double Bright")	Ordinary shares	Hong Kong	50	50	50	Property development
Ease Mind Investments Limited ("Ease Mind")*	Ordinary shares of US$1 each	BVI	40	40	40	Investment holding
Loyal Pioneer Limited ("Loyal Pioneer")	Ordinary shares	Hong Kong	40	40	40	Property development

Wonder Sign is an investment holding company which holds the entire equity interest of Double Bright (collectively the "WS Group").

Ease Mind is an investment holding company which holds the entire equity interest of Loyal Pioneer (collectively the "EM Group").

All these joint ventures are unlisted and indirectly held by the Company.

The WS Group and the EM Group are considered as material joint ventures of the Group and are accounted for using the equity method.

* Wonder Sign and Ease Mind became joint ventures of the Group upon the completion of the disposals of part of their equity interests held by the Group. Please refer to note 31 for further details.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

17. INVESTMENTS IN JOINT VENTURES (Continued)

The following tables illustrate the summarised financial information in respect of the WS Group and the EM Group and reconciled to the carrying amount in the consolidated financial statements:

WS Group

	2018 HK$'000
Properties under development	2,377,623
Prepayments, deposits and other receivables	3,021
Cash and cash equivalents	11,848
Current assets	2,392,492
Trade Payable	1,900
Other payables and accruals	1,093
Due to the shareholders	9,812
Current liabilities	12,805
Bank borrowing classified as a non-current liability	954,095
Net assets	1,425,592
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	50%
Group's share of net assets of the joint venture	712,796
Loan to WS Group	4,912
Carrying amount of the investment	717,708
Loss and total comprehensive loss for the year	(1,729)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

17. INVESTMENTS IN JOINT VENTURES (Continued)

EM Group

	2018 HK$'000
Properties under development	2,727,708
Prepayments, deposits and other receivables	2,996
Cash and cash equivalents	8,923
Current assets	2,739,627
Trade payables	16,236
Due to the shareholders	284,942
Current liabilities	301,178
Bank borrowing classified as a non-current liability	1,361,967
Net assets	1,076,482
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	40%
Group's share of net assets of the joint venture	430,593
Loan to the EM Group	265,049
Carrying amount of the investment	695,642
Loss and total comprehensive loss for the year	(76)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

18. LOAN RECEIVABLE

	2018 HK$'000	2017 HK$'000
Loan receivable, secured (note 31(b))	**600,000**	—

The loan receivable is stated at amortised cost with an effective interest rate of 0.7% per annum over 12-month HIBOR. The loan receivable has a principal amount of HK$600,000,000 and is due for repayment on 27 November 2019. The carrying amount of the loan receivable approximates to its fair value.

At 31 March 2018, the loan receivable of HK$600,000,000 that is neither past due nor impaired relate to a purchaser of joint venture for whom there was no recent history of default.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2018 HK$'000	2017 HK$'000
Prepayments		**348,873**	73,485
Deposits	(i)	**74,402**	945,923
Other receivables	(ii)	**1,047,695**	887,927
		1,470,970	1,907,335
Less: Deposit and other receivable classified as non-current assets		**(7,320)**	(32,844)
Portion classified as current assets		**1,463,650**	1,874,491

Notes:

(i) The deposits as at 31 March 2017 included (i) two deposits paid to vendors for the acquisitions of subsidiaries amounted to HK$27,455,000 and HK$864,430,000; and (ii) a tender deposit of HK$50,000,000 paid to the Urban Renewal Authority in respect of a tender for a development project which had been fully refunded to the Group during the year.

(ii) The Group's sales proceeds from the pre-sale of properties under development with an aggregate carrying value of HK$301,669,000 (2017: Nil) as at 31 March 2018 were pledged to secure the Group's general banking facilities (note 24).

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to the receivables for which there was no recent history of default. The carrying amounts of prepayments, deposits and other receivables approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

20. CASH AND CASH EQUIVALENTS

	2018 HK$'000	2017 HK$'000
Cash and bank balances	1,558,849	1,357,233
Less: included in assets classified as held for sale (note 21)	(5,046)	—
Cash and cash equivalents as stated in the consolidated statement of financial position as at 31 March	1,553,803	1,357,233

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

21. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

	2018 HK$'000
Assets classified as held for sale	
Assets of disposal subsidiaries classified as held for sale	
— Oriental Sino	191,992
— Precious Investments	69,163
— Shiny World	52,311
— Wang To	40,125
— Antic Investment	84,891
— PT Harvest	326,232
	764,714
Liabilities directly associated with the assets classified as held for sale	
Liabilities of disposal subsidiaries classified as held for sale	
— Oriental Sino	77,116
— Precious Investments	39,309
— Shiny World	18,753
— Wang To	28,369
— Antic Investment	16,900
— PT Harvest	130,875
	311,322

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

21. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

The assets and liabilities of the above subsidiaries (excluding inter-company loan which is eliminated on consolidation) as at 31 March 2018 are as follows:

	Oriental Sino HK$'000 (Note (a))	Precious Investments HK$'000 (Note (a))	Shiny World HK$'000 (Note (a))	Wang To HK$'000 (Note (a))	Antic Investment HK$'000 (Note (b))	PT Harvest HK$'000 (Note (c))	Total HK$'000
Assets							
Investment properties	190,000	69,000	52,000	39,000	83,800	324,466	758,266
Deferred tax assets	—	—	—	—	—	455	455
Prepayments, deposits and other receivables	—	28	—	12	61	722	823
Tax recoverable	89	—	—	35	—	—	124
Cash and cash equivalents	1,903	135	311	1,078	1,030	589	5,046
Assets of disposal subsidiaries classified as held for sale	191,992	69,163	52,311	40,125	84,891	326,232	764,714
Liabilities							
Other payables and accruals	200	28	90	30	122	8	478
Deposits received and receipt in advance	4,018	273	366	300	65	—	5,022
Interest-bearing bank loans	71,050	39,007	18,240	28,000	15,810	130,867	302,974
Tax payable	—	—	23	—	6	—	29
Deferred tax liabilities	1,848	1	34	39	897	—	2,819
Liabilities of disposal subsidiaries classified as held for sale	77,116	39,309	18,753	28,369	16,900	130,875	311,322
Net assets directly associated with the disposal subsidiaries	114,876	29,854	33,558	11,756	67,991	195,357	453,392

Notes:

(a) On 7 February 2018, the Group entered into a sale and purchase agreement with an indirectly wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited ("WYT"), a fellow subsidiary to the Company, pursuant to which the Group disposed of entire issued capital in, and all shareholder's loans owed by, Oriental Sino, Precious Investments, Shiny World and Wang To, all are indirectly wholly-owned subsidiaries of the Company, at a total consideration of HK$350,000,000. The transaction was completed on 25 April 2018.

Further details of this disposal are set out in the joint announcement of WYT and the Company dated 7 February 2018 and the circular of the Company dated 29 March 2018.

(b) On 29 March 2018, the Group entered into a provisional sale and purchase agreement with an independent third party, pursuant to which the Group would dispose of the entire issued capital in and assigned the benefit of the shareholder's loan owed by Antic Investment, an indirectly wholly-owned subsidiary of the Company, at a consideration of HK$83,800,000 (subject to adjustment). The transaction is expected to be completed in July 2018.

(c) In March 2018, the Group put the property held by PT Harvest for tender and on 12 April 2018, the Group has entered into a provisional sale and purchase agreement with another independent third party, pursuant to which the Group disposed of its entire issued capital in PT Harvest for a consideration HK$324,466,000 (subject to adjustment). The transaction is expected to be completed in October 2018.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

22. TRADE PAYABLES

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

	2018 HK$'000	2017 HK$'000
Within 30 days	**159,187**	45,363

The trade payables are non-interest-bearing and have an average term of 30 days. The carrying amounts of the trade payables approximate to their fair values.

23. OTHER PAYABLES AND ACCRUALS

	2018 HK$'000	2017 HK$'000
Other payables	**167,229**	6,193
Accruals	**30,543**	5,402
	197,772	11,595
Less: Other payables classified as non-current liabilities	**(164,958)**	—
Current portion	**32,814**	11,595

Except for the balances with an aggregate amount of HK$164,958,000 (2017: Nil) which are non-trade in nature, unsecured, interest-free and due in November 2019, these balances are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the above other payables approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

24. INTEREST-BEARING BANK AND OTHER LOANS

	2018			2017		
	Contractual interest rate (%)	Maturity	HK$'000	Contractual interest rate (%)	Maturity	HK$'000
Current:						
Bank loans – secured	HIBOR+(1.2-2.0)/ Prime rate-2.75	2018 or on demand	400,503	HIBOR+(1.2-2.0)/ Prime rate-2.75	2017 or on demand	361,251
Bank loans – unsecured	HIBOR+ (1.95-2.05)	2019 or on demand	76,746			–
Long term bank loans repayable on demand – secured	HIBOR+(1.5-2.0)/ Prime rate-2.75	On demand	46,756	HIBOR+1.7/ Prime rate-2.75	On demand	42,406
Other loans – unsecured	6	2018	13,397	6	2018	28,845
			537,402			432,502
Non-current:						
Bank loans – secured	HIBOR+(1.2-1.67)	2019-2024	990,576	HIBOR+(1.2-1.75)	2018-2025	948,469
Bank loans – unsecured	HIBOR+2.05	2022	1,406,477	HIBOR+2.05	2022	1,464,947
			2,397,053			2,413,416
Total			2,934,455			2,845,918

	2018 HK$'000	2017 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand (note)	524,005	403,657
In the second year	1,156,520	564,784
In the third to fifth years, inclusive	1,240,533	1,848,632
	2,921,058	2,817,073
Other loans repayable:		
Within one year or on demand	13,397	28,845
	2,934,455	2,845,918

Note: As further explained in note 39 to the financial statements, the Group's term loans with an aggregate amount of HK$88,682,000 (2017: HK$85,504,000) containing an on-demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank loans and analysed into bank loans repayable within one year or on demand.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

24. INTEREST-BEARING BANK AND OTHER LOANS (Continued)

At the end of the reporting period, the maturity profile of interest-bearing loans based on the scheduled repayment dates set out in the loan agreements is as follows:

	2018 HK$'000	2017 HK$'000
Bank loans repayable:		
Within one year	477,249	361,251
In the second year	878,382	122,037
In the third to fifth years, inclusive	1,385,649	2,102,345
Beyond five years	179,778	231,440
	2,921,058	2,817,073
Other loans repayable:		
Within one year	13,397	28,845
	13,397	28,845
	2,934,455	2,845,918

Notes:

(a) Certain bank loans of the Group are secured by the Group's land and buildings (note 13), investment properties and certain rental income generated therefrom (note 14), properties under development (note 15), properties held for sale (note 16), sales proceeds from the pre-sale of properties under development (note 19(ii)) and share charges in respect of the equity interests of two (2017: three) subsidiaries of the Company (note 1).

(b) All bank loans of the Group bear interest at floating interest rates.

(c) All other loans of the Group represented the loans advanced from the non-controlling shareholders of certain subsidiaries of the Group.

(d) The carrying amounts of the bank and other loans of the Group approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

25. DEFERRED TAX

The components of deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000
At 1 April 2016	2,573
Deferred tax charged to profit or loss during the year (note 10)	302
At 31 March 2017 and 1 April 2017	2,875
Deferred tax charged to profit or loss during the year (note 10)	689
Transferred to liabilities directly associated with assets classified as held for sale (note 21)	(2,819)
At 31 March 2018	745

Deferred tax assets

	Losses available for offsetting against future taxable profits HK$'000
At 1 April 2016	1,577
Deferred tax credited to profit or loss during the year (note 10)	9,373
At 31 March 2017 and 1 April 2017	10,950
Deferred tax credited to profit or loss during the year (note 10)	7,642
Acquisition of a subsidiary that is not a business (note 30)	455
Included in assets classified as held for sale (note 21)	(455)
At 31 March 2018	18,592

The Group has tax losses arising in Hong Kong of approximately HK$105,822,000 (2017: HK$72,564,000), subject to the agreement of the Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

26. SHARE CAPITAL

	2018	2017
	HK$'000	HK$'000
Authorised:		
50,000,000,000 ordinary shares of HK$0.001 each	**50,000**	50,000
Issued and fully paid:		
15,200,000,000 ordinary shares of HK$0.001 each	**15,200**	15,200

The movements in the Company's share capital during the period from 1 April 2016 to 31 March 2018 were as follows:

	Notes	**Number of ordinary shares**	**Nominal value of ordinary shares** HK$'000
Authorised:			
At 1 April 2016		5,000,000,000	50,000
Effect of Share Subdivision	(iii)	45,000,000,000	—
At 31 March 2017, 1 April 2017 and 31 March 2018		50,000,000,000	50,000
Issued and fully paid:			
At 1 April 2016		100,000	1
Issue of new shares pursuant to the Capitalisation Issue	(i)	1,139,900,000	11,399
Issue of new shares pursuant to the Share Offer	(ii)	380,000,000	3,800
Effect of Share Subdivision	(iii)	13,680,000,000	—
At 31 March 2017, 1 April 2017 and 31 March 2018		15,200,000,000	15,200

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

26. SHARE CAPITAL (Continued)

Notes:

(i) Pursuant to the resolution of the shareholder passed on 17 March 2016, the Company allotted and issued a total of 1,139,900,000 shares, credited as fully paid at par, to Earnest Spot on 12 April 2016 by way of capitalisation of the sum of HK$11,399,000 standing to the credit of the share premium account of the Company (the "Capitalisation Issue"). This Capitalisation Issue was conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (ii) below.

(ii) In connection with the listing of the shares of the Company on the Main Board of the Stock Exchange (the ''Share Offer''), 380,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.92 per share for a total cash consideration, before expenses, of HK$349,600,000. Dealings in the shares of the Company on the Stock Exchange commenced on 12 April 2016.

(iii) Pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting of the Company held on 6 December 2016, every one issued and unissued existing ordinary share of HK$0.01 each in the share capital of the Company was subdivided into ten subdivided shares of HK$0.001 each (the "Share Subdivision"). The Share Subdivision was completed on 6 December 2016.

27. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Share options may be granted to any director or proposed director (whether executive or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of securities issued by any member of the Group, any person or entity that provides research, development or other technology support or advisory, consultancy, professional or other services to any member of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants. The Share Option Scheme became effective on 9 August 2016 and, unless otherwise terminated earlier by shareholders in a general meeting, will remain in force for a period of 10 years from that date.

Purpose

The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Maximum number of shares available for subscription

Pursuant to the Share Option Scheme, the maximum number of share options that may be granted under the Share Option Scheme and any other share option schemes of the Company is an amount, upon their exercise, not in aggregate exceeding 30% of the issued share capital of the Company from time to time, excluding any shares issued on the exercise of share options. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes shall not in aggregate exceed 10% of the number of shares in issue, as at the date of approval of the Share Option Scheme limit or as refreshed from time to time.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

27. SHARE OPTION SCHEME (Continued)

Maximum entitlement of each participant

The maximum number of shares issuable under share options to each eligible participant (except for a substantial shareholder or an independent non-executive director or any of their respective associate) under the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of such limit must be separately approved by shareholders with such eligible participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee of the option). Where any grant of share options to a substantial shareholder or an independent non-executive director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of share options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue, and having an aggregate value, based on the closing price of the Company's shares at each date of grant, in excess of HK$5 million, such further grant of share options is required to be approved by shareholders in a general meeting in accordance with the Listing Rules. Any change in the terms of a share option granted to a substantial shareholder or an independent non-executive director (or any of their respective associate) is also required to be approved by shareholders.

Basis of determining the exercise price

The option price per share payable on the exercise of an option is determined by the directors, provided that it shall be at least the higher of:

(i) the closing price of the shares as stated in the daily quotation sheet issued by the Hong Kong Stock Exchange at the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of a share option is accepted by the eligible person), which must be a business day; and

(ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Hong Kong Stock Exchange for the five business days immediately preceding the date of offer of grant, provided that the option price per share shall in no event be less than the nominal amount of one share.

An offer for the grant of share options must be accepted within 30 days from the date on which such offer was made. The amount payable by the grantee of a share option to the Company on acceptance of the offer of the grant is HK$1.00.

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

No share option has been granted since the adoption of the Share Option Scheme.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

28. 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 on page 70 of the financial statements.

(i) Contributed surplus

The Group's contributed surplus comprises the deemed capital contribution arising from (i) the difference between the consideration amounted to HK$496,443,000 and the aggregate shareholder's loans amounted to HK$2,047,989,000 assigned by Earnest Spot to the Company pursuant to the reorganisation of the Company in connection with the listing of the shares of the Company on the Stock Exchange (the "Reorganisation") and (ii) the differences between the considerations and the net assets value of the subsidiaries disposed of to WOG and its subsidiaries (but excluding the Group) pursuant to the Reorganisation.

(ii) Capital reserve

The Group's capital reserve represents the difference between the consideration and the carrying amount of non-controlling interests acquired or disposed of.

(iii) Merger reserve

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

29. 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	2017
Percentage of equity interest held by non-controlling interests:		
New Rich	**40%**	40%
Grandwall	**40%**	40%

	2018 **HK$'000**	2017 HK$'000
Profit/(loss) for the year allocated to non-controlling interests:		
New Rich	**135,959**	(3,950)
Grandwall	**(41)**	(6,477)
Accumulated balances of non-controlling interests at the reporting dates:		
New Rich	**131,535**	(4,424)
Grandwall	**(7,358)**	(7,317)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

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

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

2018	New Rich HK$'000	Grandwall HK$'000
Revenue	1,329,255	—
Total expenses	(989,358)	(101)
Profit/(loss) and total comprehensive income/(loss) for the year	339,897	(101)
Current assets	601,408	1,876,328
Non-current assets	—	3,634
Current liabilities	(272,569)	(1,898,356)
Net cash flows from operating activities	30,477	(8,208)
Net cash flows used in financing activities	(44,579)	8,000
Net decrease in cash and cash equivalents	(14,102)	(208)

2017	New Rich HK$'000	Grandwall HK$'000
Total expenses	(9,875)	(16,194)
Loss and total comprehensive loss for the year	(9,875)	(16,194)
Current assets	1,075,227	1,748,273
Non-current assets	2,185	3,614
Current liabilities	(1,088,469)	(1,770,179)
Net cash flows from operating activities	430,989	857,486
Net cash flows used in financing activities	(411,631)	(859,434)
Net increase/(decrease) in cash and cash equivalents	19,358	(1,948)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

30. ACQUISITIONS OF SUBSIDIARIES THAT ARE NOT A BUSINESS

For the year ended 31 March 2018

The net assets acquired by the Group during the year are as follows:

	Goodtech HK$'000 (note 36(c))	PT Harvest HK$'000 (note (a))	Loyal Pioneer HK$'000 (note (b))	Wise Ocean HK$'000 (note (c))	Total HK$'000
Net assets acquired:					
Property, plant and equipment	—	—	—	94,994	94,994
Investment properties	—	274,549	—	—	274,549
Deferred tax assets	—	455	—	—	455
Prepayments, deposits and other receivables	1,540	847	—	32	2,419
Properties under development	—	—	2,575,195	—	2,575,195
Bank balances	2,008	—	5	—	2,013
Other payables and accruals	(782)	—	—	—	(782)
Tax payable	(37)	—	—	—	(37)
Interest-bearing bank loan	—	—	(1,105,300)	—	(1,105,300)
	2,729	275,851	1,469,900	95,026	1,843,506
Deemed contribution from WOG	71	—	—	—	71
	2,800	275,851	1,469,900	95,026	1,843,577
Satisfied by:					
Cash	2,800	275,851	1,469,900	95,026	1,843,577

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

30. ACQUISITIONS OF SUBSIDIARIES THAT ARE NOT A BUSINESS (Continued)

For the year ended 31 March 2018 (Continued)

An analysis of the cash flows in respect of the acquisitions of Goodtech, PT Harvest, Loyal Pioneer and Wise Ocean are as follows:

	Goodtech HK$'000	PT Harvest HK$'000	Loyal Pioneer HK$'000	Wise Ocean HK$'000	Total HK$'000
Cash consideration	(2,800)	(275,851)	(1,469,900)	(95,026)	(1,843,577)
Deposits paid as at 31 March 2017	—	27,455	864,430	—	891,885
Bank balances acquired	2,008	—	5	—	2,013
Refund of partial consideration	—	—	6,136	—	6,136
Net outflows of cash and cash equivalents included in cash flows from investing activities for the year	(792)	(248,396)	(599,329)	(95,026)	(943,543)
Transaction costs of the acquisition included in cash flows from operating activities	—	(675)	(2,170)	(332)	(3,177)
	(792)	(249,071)	(601,499)	(95,358)	(946,720)

Notes:

(a) On 20 February 2017, the Group entered into a provisional sale and purchase agreement with two independent third parties to acquire the entire equity interest of PT Harvest, which is engaged in property investment in Hong Kong, and the related shareholders' loans, for a total cash consideration of HK$274,549,000. The transaction was completed on 25 April 2017.

Pursuant to the relevant sale and purchase agreements, the cash consideration was adjusted to HK$275,851,000 based on the net asset value of PT Harvest as at 25 April 2017 (the date of completion).

(b) On 31 March 2017, the Group entered into a sale and purchase agreement with another two independent third parties to acquire the entire equity interest in Loyal Pioneer, which is engaged in property development in Hong Kong, and the related shareholders' loans, for a total cash consideration of HK$1,469,900,000. The transaction was completed on 19 May 2017.

(c) On 6 February 2018, the Group completed the acquisition of the entire equity interest in Wise Ocean for an adjusted consideration of HK$95,026,000. Wise Ocean holds a residential property in Hong Kong.

The above acquisitions have been accounted for by the Group as acquisitions of assets as the entities acquired by the Group do not constitute a business.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

30. ACQUISITIONS OF SUBSIDIARIES THAT ARE NOT A BUSINESS (Continued)

For the year ended 31 March 2017

On 7 November 2016, the Group entered into a sale and purchase agreement with an independent third party to acquire the entire equity interest in Fession Group Limited ("Fession", and together with its sole subsidiary, Stadium Holdings, (collectively, the "Fession Group") and the shareholder's loan owed by the Fession Group to its then shareholder, at a cash consideration of HK$512,225,000. The Fession Group is principally engaged in property investment in Hong Kong and up to the date of acquisition, the Fession Group has not carried out any significant business transaction except for holding a property in Hong Kong.

The above acquisition has been accounted for by the Group as an acquisition of assets as the entity acquired by the Group does not constitute a business.

Pursuant to the relevant sale and purchase agreement, the cash consideration was adjusted to HK$509,503,000 based on the net assets value of the Fession Group as at 25 January 2017 (the date of completion). The net assets acquired by the Group in the above transaction are as follows:

	HK$'000
Net assets acquired:	
Investment property (note 14)	512,225
Prepayments, deposits and other receivables	239
Tax recoverable	139
Bank balances	103
Accruals	(3,203)
	509,503
Satisfied by:	
Cash	509,503

An analysis of the cash flows in respect of the acquisition of the Fession Group is as follows:

	HK$'000
Cash consideration	(509,503)
Bank balances acquired	103
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(509,400)
Transaction costs of the acquisition included in cash flows from operating activities	(799)
	(510,199)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

31. DISPOSALS OF SUBSIDIARIES

For the year ended 31 March 2018

Details of the net assets of the subsidiaries disposed of to independent third parties and their financial impacts are summarised as follows:

	WS Group HK$'000 (note (a))	EM Group HK$'000 (note (b))	Total HK$'000
Net assets disposed of:			
Properties under development	394,891	2,687,633	3,082,524
Prepayments, deposits and other receivables	98,340	—	98,340
Cash and cash equivalents	12	5	17
Due to the Group	—	(250,000)	(250,000)
Trade Payable	—	(2,688)	(2,688)
	493,243	2,434,950	2,928,193
Professional fees and expenses	9,895	25,007	34,902
Gain on disposals of subsidiaries	457,143	790,318	1,247,461
Gain on remeasurement of the 50% equity interest in the WS Group retained by the Group classified as a joint venture	467,039	—	467,039
	1,427,320	3,250,275	4,677,595
Satisfied by:			
Cash	713,660	2,441,253	3,154,913
Partial refund of consideration (note (i))	—	(164,958)	(164,958)
Fair value of the 50% equity interest in the WS Group (note (ii))	713,660	—	713,660
Original cost of the 40% equity interest in the EM Group	—	973,980	973,980
	1,427,320	3,250,275	4,677,595

Notes:

(i) Pursuant to the Agreement (defined below), the Group undertaken to downward adjust the consideration by refunding a sum of HK$164,958,000 to the purchaser in November 2019, subject to the settlement of a loan owed by the purchaser to the Group of HK$600,000,000 as further discussed in note 18 to the financial statements.

(ii) The fair value was determined by the management with reference to the actual transaction price of the disposal. The remaining interest held by the Group is re-measured at fair value at the date the Group lost control over the WS Group.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

31. DISPOSALS OF SUBSIDIARIES (Continued)

For the year ended 31 March 2018 (Continued)

An analysis of the net inflows of cash and cash equivalents in respect of the disposals of subsidiaries is as follows:

	WS Group HK$'000	EM Group HK$'000	Total HK$'000
Cash consideration	713,660	2,441,253	3,154,913
Cash and cash equivalents disposed of	(12)	(5)	(17)
Professional fees and expenses	(9,895)	(25,007)	(34,902)
Loan receivable	—	(600,000)	(600,000)
Net inflow of cash and cash equivalents in respect of disposals of subsidiaries	703,753	1,816,241	2,519,994

Notes:

(a) On 7 June 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of 50% equity interest in Wonder Sign and assign the benefit of 50% of the related shareholder's loan owed by the WS Group to the Group, to an independent third party for a total consideration of HK$713,660,000. The WS Group was principally engaged in property development in Hong Kong. The transaction was completed on 7 June 2017. Upon completion of the disposal, Wonder Sign ceased to be a subsidiary of the Group and was owned as to 50% by the Group and 50% by the purchaser and Wonder Sign was then accounted for as a joint venture of the Group.

(b) On 8 September 2017, the Group entered into a sale and purchase agreement (the "Agreement") with an independent third party to dispose of 60% equity interest in Ease Mind and assign the benefit of 60% of the related shareholder's loan owed by EM Group to the Group, to an independent third party for a total consideration of HK$2,441,253,000. The Group received HK$1,841,253,000 from the purchaser during the year and the remaining HK$600,000,000 is accounted for as a loan receivable from the purchaser as stipulated in the sale and purchase agreement. The loan carries interest of 0.7% per annum over 12-month HIBOR and is repayable by 27 November 2019. The EM Group was principally engaged in property development in Hong Kong. The transaction was completed on 28 November 2017. Upon completion of the disposal, Ease Mind ceased to be a subsidiary of the Group and was owned as to 40% by the Group and 60% by the purchaser and Ease Mind was then accounted for as a joint venture of the Group.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liability arising from financing activities

	Interest-bearing bank and other loans HK$'000
At 1 April 2017	2,845,918
Changes from financing cash flows	(722,896)
Increase arising from acquisitions of subsidiaries (note 30)	1,105,300
Amortisation of loan procurement fee	9,107
	3,237,429
Included in liabilities of disposal subsidiaries classified as held for sale (note 21)	(302,974)
At 31 March 2018	2,934,455

33. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 14) under operating lease arrangements, with leases negotiated for terms ranging from two to four years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

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

	2018 HK$'000	2017 HK$'000
Within one year	8,859	22,429
In the second to fifth years, inclusive	4,842	7,537
	13,701	29,966

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

33. OPERATING LEASE ARRANGEMENTS (Continued)

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from one year to three years.

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

	2018 HK$'000	2017 HK$'000
Within one year	9,746	9,746
In the second to fifth years, inclusive	2,378	11,941
	12,124	21,687

34. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 33(b) above, the Group had the following capital commitments at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
Contracted, but not provided for:		
Properties under development	1,179,475	1,365,996
Acquisitions of subsidiaries	—	885,664
Investments in joint ventures	384,951	—
	1,564,426	2,251,660

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2018 HK$'000	2017 HK$'000
Contracted, but not provided for	1,118,163	—

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

35. CONTINGENT LIABILITIES

At the end of the reporting period, the Group has given guarantee to a bank in connection with facilities granted to the WS Group and EM Group up to HK$2,158,800,000 as at 31 March 2018 (31 March 2017: Nil) and the banking facility guaranteed by the Group to the WS Group and EM Group was utilised to the extent of HK$1,033,300,000 as at 31 March 2018 (2017: Nil).

36. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

	Notes	2018 HK$'000	2017 HK$'000
Rental income from a subsidiary of WYT*	(i)	**9,482**	10,800
Rental expense paid to a subsidiary of WYT*	(i)	**6,635**	4,564
Purchase of products from a subsidiary of WYT*	(ii)	**669**	202
Management fee income from the WS Group	(iii)	**4,900**	—

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

Notes:

(i) The transactions were based on terms mutually agreed between the Group and the related party.

(ii) The purchases from a subsidiary of WYT were made according to the published prices and conditions offered by a subsidiary of WYT to its customers.

(iii) Management fee income was received from the WS Group in respect of management services on property development.

(b) Compensation of key management personnel of the Group

	2018 HK$'000	2017 HK$'000
Short term employment benefits	**9,723**	9,097
Post-employment benefits	**108**	99
Total compensation paid to key management personnel	**9,831**	9,196

The above compensation of key management personnel excludes the directors' remuneration, details of which are set out in note 8 to the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

36. RELATED PARTY TRANSACTIONS (Continued)

(c) On 11 August 2017, the Group acquired a fellow subsidiary, Goodtech Management Limited ("Goodtech"), from Join China Investment Limited, an indirectly wholly-owned subsidiary of WOG, for a consideration of HK$2,800,000. Goodtech is principally engaged in property management. The difference between the cash consideration and the net assets value of Goodtech of HK$71,000 was debited to the merger reserve.

(d) The Group has given guarantee to a bank in connection with facilities granted to the WS Group and EM Group, further details of the guarantee by the Group are disclosed in note 35 to the financial statements. The Group did not recognise any liabilities in respect of such financial guarantees as the directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant.

37. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at 31 March 2018 and 2017 are loans and receivables, and financial liabilities at amortised cost, respectively.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of financial assets included in cash and bank balances, deposits and other receivables and loan receivable, financial liabilities included in trade payables, other payables and accruals and the current portion of interest-bearing bank loans to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the directors is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other loans as at 31 March 2018 was assessed to be insignificant.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include other receivables, loan receivable, deposits, trade payables, other payables and accruals, cash and bank balances and bank and other borrowings.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** HK$'000
2018		
HK$	**100**	**(32,240)**
HK$	**(100)**	**32,240**
2017		
HK$	100	(28,171)
HK$	(100)	28,171

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group's credit risk is primarily attributable to loan receivable and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The maximum exposure of these financial assets is equal to the carrying amounts of these instruments.

In respect of loan receivable and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount.

The credit risk of the Group's other financial assets, which include cash and cash equivalents and loan receivable, with the maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

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

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

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual and undiscounted payments, was as follows:

			2018		
	On demand HK$'000	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Total HK$'000
Bank loans (note)	134,922	780,219	1,225,143	1,278,385	3,418,669
Other loans (note 24)	—	14,201	—	—	14,201
Trade payables (note 22)	—	159,187	—	—	159,187
Other payables and accruals (note 23)	—	32,814	164,958	—	197,772
	134,922	986,421	1,390,101	1,278,385	3,789,829

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

	2017				
	On demand HK$'000	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Total HK$'000
Bank loans (note)	85,504	381,791	621,362	1,893,788	2,982,445
Other loans (note 24)	—	30,576	—	—	30,576
Trade payables (note 22)	—	45,363	—	—	45,363
Other payables and accruals (note 23)	—	11,595	—	—	11,595
	85,504	469,325	621,362	1,893,788	3,069,979

Note:

Included in interest-bearing bank loans of the Group are term loans with aggregate principal amounts of HK$88,682,000 and HK$85,504,000 as at 31 March 2018 and 31 March 2017, respectively, of which the respective loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the Directors do not believe that these loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the respective loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the Group's compliance with the loan covenants; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the loans, the contractual undiscounted payments are as follows:

	Within 1 year HK$'000	**1 to 2 years** HK$'000	**3 to 5 years** HK$'000	**Over 5 years** HK$'000	**Total** HK$'000
31 March 2018	**91,882**	**10,657**	**35,633**	**2,729**	**140,901**
31 March 2017	45,091	9,133	31,931	3,287	89,442

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The Group monitors capital using a debt-to adjusted capital ratio, which is net debt divided by adjusted capital. Net debt includes interest-bearing bank and other loans, less cash and bank balances. Adjusted capital comprises all components of equity (i.e., share capital, reserves and non-controlling interests). The Group's policy is to maintain a stable debt-to-adjusted capital ratio. The debt-to-adjusted capital ratios as at the end of the reporting periods were as follows:

	2018 HK$'000	2017 HK$'000
Interest-bearing bank and other loans	**3,237,429**	2,845,918
Less: Cash and bank balances	**(1,558,849)**	(1,357,233)
Net debt	**1,678,580**	1,488,685
Total equity	**4,183,914**	2,391,614
Debt-to-adjusted capital	**40.12%**	62.25%

40. EVENTS AFTER THE REPORTING PERIOD

On 19 April 2018, the Group completed the disposal of 30% equity interest in Golden Noble Investments Limited ("Golden Noble"), together with its subsidiaries, Rich United and Sky Treasure Investments Limited (collectively the "GN Group") to a connected person for a consideration of HK$103,800,000. As at the end of the reporting period, the GN Group is engaged in property development in Hong Kong. Upon completion of the disposal, Golden Noble has become an indirect non wholly-owned subsidiary of the Group. Further details of this disposal are set out in the announcement of the Company dated 19 April 2018.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSET		
Interest in a subsidiary	–	–
CURRENT ASSETS		
Prepayments, deposits and other receivables	1,340	1,225
Due from a subsidiary	3,047,313	2,551,878
Cash and cash equivalents	1,349,549	1,259,445
Total current assets	4,398,202	3,812,548
CURRENT LIABILITIES		
Other payables and accruals	8,389	2,691
Interest-bearing bank loan	10,000	–
Due to a subsidiary	1,516,816	1,461,315
Total current liabilities	1,535,205	1,464,006
NET CURRENT ASSETS	2,862,997	2,348,542
TOTAL ASSETS LESS CURRENT LIABILITIES	2,862,997	2,348,542
Net assets	2,862,997	2,348,542
EQUITY		
Issued capital	15,200	15,200
Reserves (Note)	2,847,797	2,333,342
Total equity	2,862,997	2,348,542

Wong Yiu Hung Gary
Director

Tang Ho Hong
Director

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

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

	Share premium HK$'000	Contributed surplus HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2016	—	2,047,989	(24,475)	2,023,514
Loss and total comprehensive loss for the year	—	—	(7,061)	(7,061)
Issue of new shares pursuant to the Share Offer (note 26(ii))	345,800	—	—	345,800
Issue of new shares pursuant to the Capitalisation issue (note 26(i))	(11,399)	—	—	(11,399)
Share issue expenses	(17,512)	—	—	(17,512)
At 31 March 2017 and 1 April 2017	316,889	2,047,989	(31,536)	2,333,342
Profit and total comprehensive income for the year	—	—	666,455	666,455
Special dividend proposed and paid	—	—	(152,000)	(152,000)
At 31 March 2018	316,889	2,047,989	482,919	2,847,797

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 June 2018.

PARTICULARS OF PROPERTIES

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Office on 30th Floor, United Centre, No.95 Queensway, Hong Kong	Commercial premises for rental	Long term lease	100%

PROPERTIES HELD FOR SALE

Location	Approximate saleable floor area (square feet)	Use	Attributable interest of the Group
Nos. 575-575A, Nathan Road, Mong Kok, Kowloon	15,000	Commercial	100%
The Met. Bliss, Hang Kwong Street, Ma On Shan (Shan Tin Town Lot No. 598)	13,000	Residential and car parking space	60%

PARTICULARS OF PROPERTIES (CONTINUED)

PROPERTIES UNDER DEVELOPMENT

Location	Approximate site area (square feet)	Estimated approximate gross floor area (square feet)	Use	Estimated completion date	Stage of completion	Attributable interest of the Group
Ma Kam Street, Ma On Shan (Shan Tin Town Lot No. 599)	33,000	200,000	Residential	2018	Construction in progress	60%
Tai Po Road — Tai Wai (Sha Tin Town Lot No. 587)	71,000	148,000	Residential	2019	Construction in progress	100%
Nos.13 &15, Sze Shan Street, Yau Tong, Kowloon	41,000	272,000	Residential & Commercial	2020	Construction in progress	50%
Yiu Sha Road, Whitehead (Sha Tin Town Lot No. 601)	253,000	388,000	Residential	2020	Construction in progress	40%
No. 86A-86D Pokfulam Road	28,500	28,500	Residential	2021	Planning in progress	70%
Junction of Liu To Road and Hang Mei Street (Tsing Yi Town Lot No. 192)	14,400	90,000	Residential & Commercial	2020	Planning in progress	100%

FIVE YEAR FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(note)	(note)
REVENUE	**1,351,843**	152,417	645,486	1,229,971	1,390,445
PROFIT BEFORE TAX	**2,004,953**	24,210	393,429	538,173	528,467
Income tax credit/(expense)	**(60,582)**	4,175	15,314	(80,950)	(103,748)
PROFIT FOR THE YEAR	**1,944,371**	28,385	408,743	457,223	424,719
Attributable to:					
Owners of the parent	**1,808,456**	38,816	410,000	457,399	425,031
Non-controlling interests	**135,915**	(10,431)	(1,257)	(176)	(312)
	1,944,371	28,385	408,743	457,223	424,719

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**10,147,702**	8,028,055	4,075,669	5,901,774	4,197,391
TOTAL LIABILITIES	**(5,963,788)**	(5,636,441)	(2,044,528)	(5,663,291)	(3,938,230)
NON-CONTROLLING INTERESTS	**(124,170)**	11,745	1,314	57	312
	4,059,744	2,403,359	2,032,455	238,540	259,473

Note: The amounts for each of the three years ended 31 March 2015 and 2014 have been adjusted for certain adjustments which were made to carve out or combine the results and assets/liabilities of certain subsidiaries of WOG to illustrate the historical results of the property development and property investment businesses of WOG in previous published audited financial statements.