



汎港控股  
PAN HONG HOLDINGS



**Pan Hong Holdings Group Limited**

Annual Report 2017-2018



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## CORPORATE INFORMATION

### COMPANY REGISTRATION NUMBER

37749

### BOARD OF DIRECTORS

#### Executive:

Wong Lam Ping (*Chairman*)

Wang Cuiping

#### Non-Executive:

Chan Kin Sang (*Non-Independent Director*)

Sim Wee Leong (*Lead Independent Director*)

Choo Kian Koon (*Independent Director*)

Zheng Haibin (*Independent Director*)

### AUDIT COMMITTEE

Sim Wee Leong (*Chairman*)

Choo Kian Koon

Zheng Haibin

### NOMINATING COMMITTEE

Choo Kian Koon (*Chairman*)

Sim Wee Leong

Wong Lam Ping

### REMUNERATION COMMITTEE

Zheng Haibin (*Chairman*)

Choo Kian Koon

Chan Kin Sang

### COMPANY SECRETARIES

Lau Ka Ho, Billy

Toh Li Ping, Angela

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton, HM 11

Bermuda

### BUSINESS OFFICE

Room 1214, 12 Floor, Tower B

Hunghom Commercial Centre

37-39 Ma Tau Wai Road

Hunghom, Hong Kong

Tel: +852 2363 1300 / +852 2363 9095

Fax: +852 2764 2160

### ASSISTANT SECRETARY/

### BERMUDA SHARE REGISTRAR

Codan Services Limited

Clarendon House

2 Church Street

Hamilton, HM 11

Bermuda

### SHARE TRANSFER AGENT

B.A.C.S. Private Limited

8 Robinson Road #03-00

ASO Building

Singapore 048544

### JOINT AUDITORS

BDO Limited

Certified Public Accountants

25th Floor Wing On Centre

111 Connaught Road Central

Hong Kong

BDO LLP

Public Accountants and Chartered Accountants

600 North Bridge Road

#23-01 Parkview Square

Singapore 188778

### AUDIT DIRECTOR AND PARTNER-IN-CHARGE

BDO Limited

Certified Public Accountants

Lam Hung Yun, Andrew

(Appointed with effect from financial year 31 March 2016)

BDO LLP

Public Accountants and Chartered Accountants

Aw Vern Chun, Philip

(Appointed with effect from financial year 31 March 2017)

## CORPORATE PROFILE



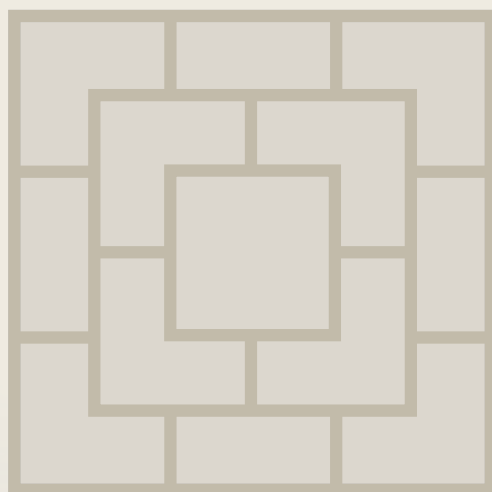
Headquartered in Hong Kong, Pan Hong Holdings Group Limited (汎港控股集團) and its subsidiaries (“Pan Hong” or the “Group”) is a property developer focused on developing high quality residential and commercial properties in the second and third-tier cities in People’s Republic of China (“PRC”).

Pan Hong is an early entrant in the property development sector in these lower-tier cities. Backed by over 20 years of management experience in the PRC’s property development industry, Pan Hong has established its presence in Hangzhou and Huzhou cities in Zhejiang Province, and Nanchang, Fuzhou and Yichun cities in Jiangxi Province.

As a testament to the strong brand identity that Pan Hong has established in the second and third-tier cities as well as the quality of its property developments, the Group has received several awards for its projects. The Group’s Huzhou Run Yuan Project (湖州潤源項目) had received “2014 Huzhou Most Expected Property Project (2014湖州最期待樓盤)” and “2015 Huzhou Most Influential Property Selling Project (2015年度湖州最具影響力營銷事件樓盤)”. The Group’s Huzhou Hua Cui Ting Yuan was awarded “2015 Huzhou Good Living Property Project (2015年度湖州宜居樓盤)”. In 2015, the Group’s Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) was awarded “2015 Most Outstanding Quality Property Project (2015最具卓越質量樓盤)” and “2015 Nanchang Most Investment Value Property Project (2015南昌樓市最具投資價值名盤)”. The Group’s Yichun Royal Lake City (宜春御湖城) had received “Most Comparative Price Property Project (最具高性價比樓盤)” in 2013 and “Yichun Most Popular Project (宜春最佳人氣樓盤)” in Year 2015.

Pan Hong was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 20 September 2006. To further expand its business, the Group spun off its Jiangxi residential and commercial property development businesses and listed it as Sino Harbour Property Group on the Main Board of the Stock Exchange of Hong Kong Limited in July 2011. Sino Harbor Property Group subsequently changed its name to Sino Harbour Holdings Group Limited (“Sino Harbour”) with effect from 24 August 2015.

On 29 March 2018, following the completion of the distribution of Sino Harbour’s ordinary shares by way of a dividend *in specie*, Sino Harbour and its subsidiaries ceased to be subsidiaries of the Group and was deconsolidated from the Group.



## FINANCIAL HIGHLIGHTS



## FINANCIAL HIGHLIGHTS

RMB'000	FY2018	FY2017	Change
<b>PROFIT AND LOSS</b>			
Revenue			
-From Continuing Operations	386,842	708,918	(45.4%)
-From Discontinued Operations	134,082	693,512	(80.7%)
<b>Total</b>	<b>520,924</b>	<b>1,402,430</b>	<b>(62.9%)</b>
Gross profit*	100,417	264,828	(62.1%)
Gross profit margin*	19.3%	18.9%	4pts
Profit after tax*	41,642	142,745	(70.8%)
Profit attributable to the owners of the Company*	44,850	100,937	(55.6%)
<b>REVENUE ANALYSIS BY TYPE OF PROPERTIES</b>			
Residential	454,247	1,363,214	(66.7%)
Commercial and others	66,677	39,216	70.0%

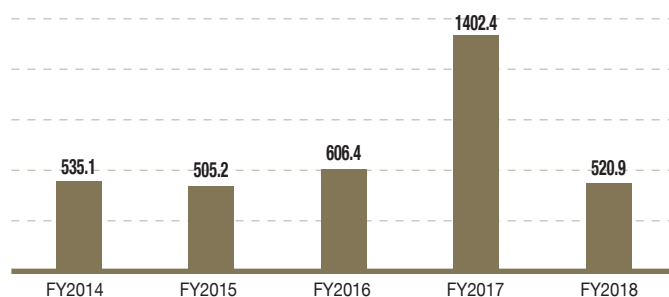
Note:

\* Comprises of continuing and discontinued operations.

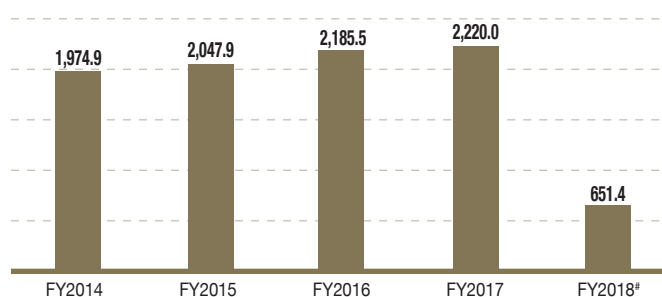


## FINANCIAL HIGHLIGHTS

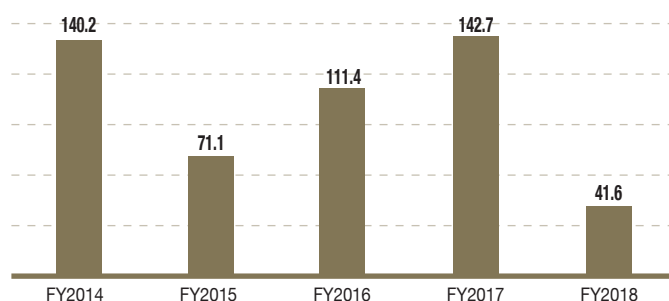
Revenue\* (RMB' mil)



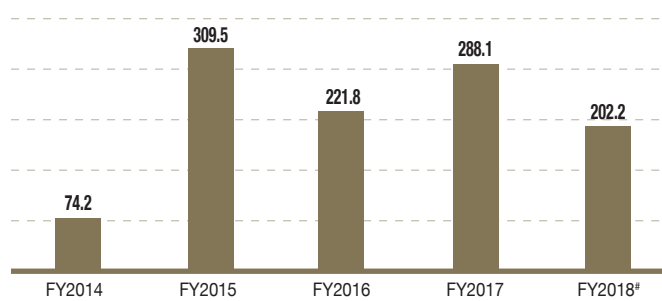
Net Asset (RMB' mil)



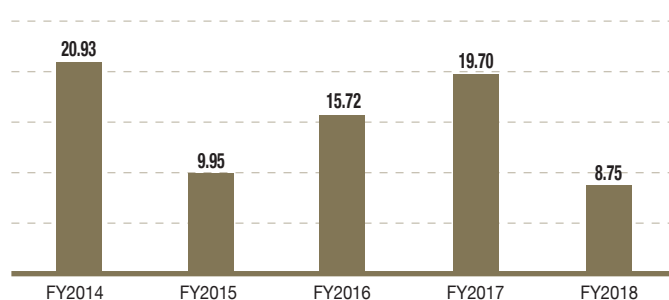
Profit after tax\* (RMB' mil)



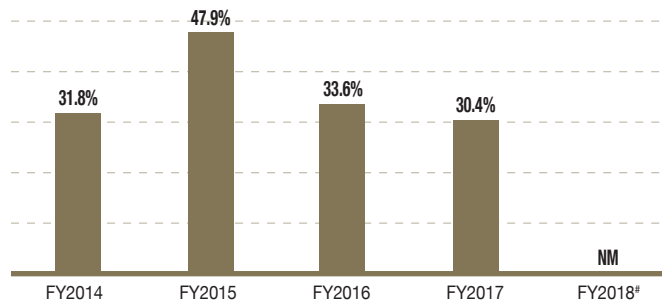
Cash and Cash Equivalents (RMB' mil)



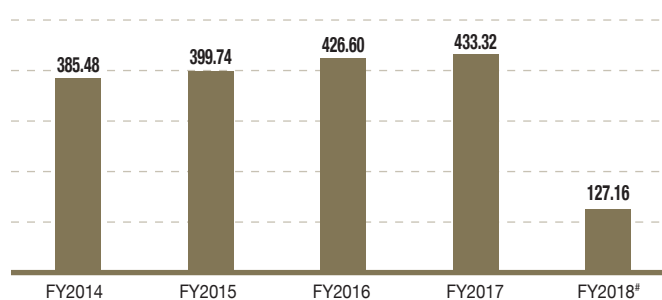
Earning per share attributable to Owners\* (RMB' cents)



Net Gearing %:  
Total bank less deposit collateral/Total equity



Net Asset Value per share (RMB' cents)

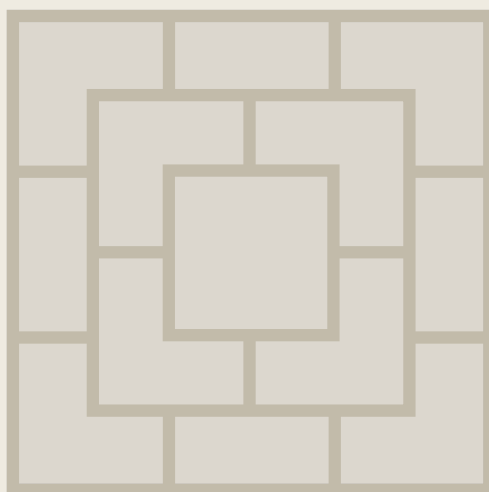


Notes:

NM: Not Meaningful

\* Comprises of continuing and discontinued operations.

# On 29 March 2018, Sino Harbour and its subsidiaries ceased to be subsidiary of the Group and was deconsolidated from the Group.



## CHAIRMAN'S STATEMENT



## CHAIRMAN'S STATEMENT

### Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present to the shareholders of the Company the results in the financial performance of the Group for the year ended 31 March 2018.

### RESULT AND FINAL DIVIDEND

The Group's continuing operation had recorded a revenue of RMB386.8 million and a net profit of RMB23.7 million for the year ended 31 March 2018. Profit attributable to shareholders amounted to RMB24.6 million and basic earnings per share was RMB4.79 cents.

Taking into account the Group's business development needs and Shareholders' return on investment, the Board is pleased to propose a final dividend of S\$0.015 per share, subject to the approval of shareholders at the forthcoming Annual General Meeting to thank our shareholders for their continued support.

### DIVIDEND IN SPECIE

The distribution, satisfied by a dividend *in specie* of 1,800,000,000 fully-paid ordinary shares with a par value of HK\$0.01 each in the share capital of Sino Harbour Holdings Group Limited ("Sino Harbour Shares") held by the Company in proportion to their respective shareholdings in the Company, on the basis of 3.51349 Sino Harbour Shares for each share of the Company held by an entitled shareholder as at the Books Closure Date of 6 March 2018, fractional entitlements to be disregarded ("Distribution"), was completed on 29 March 2018. The Company held approximately 73.05% of the issued capital of Sino Harbour Holdings Group Limited ("Sino Harbour") prior to the completion of the Distribution. Upon the completion of the Distribution, the Group ceased to hold any shares in Sino Harbour and Sino Harbour and its subsidiaries ceased to be subsidiaries of the Company.

### MARKET REVIEW

The property market in the PRC has been improving gradually as evidenced by official data published by the National Bureau of Statistics. Official data indicated that new home prices recorded a month-on-month increase in March and April 2018 of 55 and 58 out of a statistical pool of 70 major PRC cities respectively. On a year-on-year basis, 59 out of the 70 cities recorded higher prices in April 2018.

In recent months, the PRC Central government has emphasised on the use of residential properties for owner occupation rather than investment purposes. The local governments have also continued to control housing prices to prevent the formation of bubbles and to cut excess real estate inventories concurrently. Due to such policy headwinds, the Group believes that a negative impact on the overall real estate industry is inevitable in the short term but it should be positive from a long-term macro perspective.

## BUSINESS OUTLOOK

The Group's iconic projects Pan Hong Run Yuan (汎港潤源) Phase 1 and Huzhou Hua Cui Ting Yuan (湖州華萃庭院) Phase 2 were the main contributors to the Group's revenue in FY2018.

Going forward, the Group will continue to focus on the sales of our existing projects and to continue and launch the pre-sale of other iconic projects - Pan Hong Run Yuan Phase 2 as well as Pan Hong Run He (汎港潤合).

Focusing on pre-sales and quickening its pace of property development will continue to be the key strategies of the Group. The Group will continue seeking opportunities to acquire land parcels in second- to third-tier cities and consider expanding its property investments portfolio to provide more stable returns through rental income in the longer term.

The Group may also consider exploring suitable business opportunities to broaden its revenue base and diversifying its core business.

Barring any unforeseen circumstances, the Group is cautiously optimistic to remain profitable in the next financial year.

## APPRECIATION

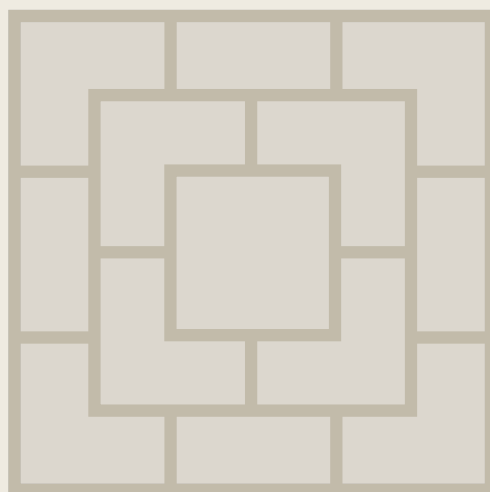
On behalf of the Board, I would like to express my sincere appreciation to our shareholders, business partners and associates for your continued confidence in the Group. I would like to also thank the Board for their contributions and support. Last but not least, to my management and staff, thank you for your concerted efforts in building the business and enhancing the reputation of Pan Hong in the PRC. Together, we look forward to forging a better future for Pan Hong.

**Wong Lam Ping**

*Executive Chairman*

29 June 2018





# BUSINESS, OPERATIONS AND FINANCIAL REVIEW



## BUSINESS AND OPERATIONS REVIEW

### OVERVIEW OF OUR BUSINESS

During the year under review, the Group achieved a revenue of RMB386.8 million, mainly from the sales of Pan Hong Run Yuan Phase 1 and Huzhou Hua Cui Ting Yuan Phase 2. The total gross floor area of the residential and commercial properties (excluding car parking spaces and others) sold in FY2018 amounted to approximately 58,647 sq. m.

The following table presents an analysis of the Group's revenue in FY2018:

	Year ended 31 March 2018
(i) Residential	
– GFA sold (in sq. m.)	57,970
– Average selling price (RMB per sq. m.)	6,160
– Revenue (approx RMB'000)	357,112
(ii) Commercial	
– GFA sold (in sq. m.)	677
– Average selling price (RMB per sq. m.)	7,390
– Revenue (approx RMB'000)	5,000
(iii) Car parking spaces and others	
– Revenue (approx RMB'000)	24,730

## BUSINESS AND OPERATIONS REVIEW

### PROPERTY PRE-SALES

As of 18 May 2018, the Group's aggregate pre-sales value from Pan Hong Run Yuan Phase 2 and Pan Hong Run He had a total unbilled sales of RMB1,067.4 million. The status of the sales of our property developments are summarised as follows:

Name of Project	Province	Type of units	Est. total	Percentage	^Unbilled sales
			GFA released for sales (sq. m.)	of pre-sold units	
Pan Hong Run Yuan Phase 2	Zhejiang	Residential	96,720	98%	820.9
Pan Hong Run He	Zhejiang	Residential	31,682*	89%	246.5
<b>TOTAL</b>					<b>1,067.4</b>

^ Unbilled sales is computed as follows: pre-sales at the beginning period plus new pre-sales during the period less those handed over to buyers as at 31 March 2018

\* Being a portion released for sales from Planned Gross Floor Area

### CONSTRUCTION PROGRESS AND DEVELOPING PROJECTS

The Group will maintain its scale and pace of construction activities in order to have enough GFA available for sale and for delivery to support our growth in coming year. Currently, the Group's property projects under construction are as follows:

Name of Project	Province	City	Planned Gross Floor Area	Expected Completion Date
Pan Hong Run Yuan Phase 2	Zhejiang	Huzhou	Residential: 96,720 Commercial: 5,995	Q2 CY2019
Pan Hong Run He	Zhejiang	Huzhou	Residential: 166,801 Commercial: 8,335	Q2 CY2020

### LAND BANK

As at 31 March 2018, the Group had land bank with total planned saleable GFA of 294,016 sq. m. in Huzhou in the PRC. The Group's land bank as at 31 March 2018 was as follows:

	Landbank (sq. m.)
Properties under development	277,851
Properties held for future development	16,165
<b>Total</b>	<b>294,016</b>

## FINANCIAL REVIEW

### FINANCIAL RESULT

	Group	
	FY2018	FY2017
<b>Continuing Operations</b>		
<b>Revenue (RMB'000)</b>		
Residential	357,112	690,986
Commercial and others	29,730	17,932
Total Revenue	386,842	708,918

#### Revenue

The Group's revenue in FY2018 was RMB386.8 million compared to RMB708.9 million in FY2017, a decrease of 45.4%. The decrease was mainly attributable to lesser handover of property units of Pan Hong Run Yuan (汎港潤園) Phase 1 and Huzhou Hua Cui Ting Yuan (湖州華萃庭院) Phase 2.

As the Group is primarily engaged in property development business, revenue recognition is dependent on the launch of new projects and completion of handover of sold properties. Consequently, revenue and profit for the Group looking across quarters will appear irregular.

#### Cost of Sales and Gross Profit Margin

In line with the decrease in revenue, cost of sales decreased from RMB578.2 million in FY2017 to RMB331.2 million in FY2018 due to lesser handover of residential units.

The decrease in gross profit margin from 18.4% in FY2017 to 14.4% in FY2018 was mainly due to the increase of handover of commercial and others units in FY2018.

#### Other Income and Other Gains and Losses

Other income and other gains and losses increased by 290.8% from RMB2.9 million in FY2017 to RMB11.3 million in FY2018. It was due to the net effect of the increase of interest income of bank deposits and other receivables from RMB3.2 million in FY2017 to RMB12.9 million in FY2018, and the net fair value loss for financial assets at fair value through profit or loss increased from RMB1.7 million in FY2017 to RMB3.3 million.

#### Administrative Expenses

Administrative expenses increased by 27.5% from RMB14.7 million in FY2017 to RMB18.8 million in FY2018. It was mainly due to legal and professional fees and related expenses incurred for the Distribution and the filing of appeal for the compensation from the Bureau of Land Resources of Huzhou in relation to Taihu Meixi Land construction project which was hindered due to discovery of cultural buildings.

#### Finance Costs

The increase in finance costs from RMB2.3 million in FY2017 to RMB2.5 million in FY2018 was attributable to an increase in interest expenses which were not capitalised in properties held under development during the financial year.

#### Income Tax Expense

Income tax expense decreased from RMB38.2 million in FY2017 to RMB12.6 million in FY2018. The decrease was mainly attributable to lesser profits in FY2018.

#### Profit for the Year From Continuing Operations

As a result of the foregoing factors, the Group recorded a decrease of 65.6% profit after tax of RMB23.7 million in FY2018 from RMB69.1 million in FY2017.

## FINANCIAL REVIEW

### Profit for the Year From Discontinued Operations

The consolidated profit for the period from 1 April 2017 to 29 March 2018 from the discontinued operations is set out below:

	For the period from 1 April 2017 to 29 March 2018	For the year ended 31 March 2017
	RMB'000	RMB'000
<b>Discontinued operations</b>		
<b>Revenue</b>	134,082	693,512
Cost of sales	(89,321)	(559,414)
<b>Gross profit</b>	44,761	134,098
Other income and other gains and losses	62,996	53,929
Selling and distribution expenses	(10,776)	(17,920)
Administrative expenses	(48,750)	(40,341)
<b>Operating profit</b>	48,231	129,766
Finance costs	(5,113)	(5,888)
Share of results of joint ventures	(501)	(500)
Share of results of an associate	(1,315)	(414)
<b>Profit before income tax</b>	41,302	122,964
Income tax expense	(40,114)	(49,290)
<b>Profit after tax</b>	1,188	73,674
Gain on reclassification of exchange reserve from equity to profit or loss in relation to Sino Harbour and its subsidiaries	16,725	-
<b>Profit for the period</b>	17,913	73,674

### Exchange Differences on Translation of Financial Statements of Foreign Operations

Exchange differences on translation of financial statements of foreign operations change adversely from a loss of RMB6.9 million in FY2017 to a gain of RMB27.8 million in FY2018. The increase was mainly due to higher translation gain as a result of the translation of the Group's subsidiaries which were denominated in Hong Kong Dollar during the financial year.

Reclassification adjustment for foreign operations discontinued during the year was due to the reclassification of exchange reserve of Sino Harbour Group from equity to profit or loss in relation to the Distribution.

### Total Comprehensive Income for the Year

As a cumulative effect of the above factors, the Group recorded a total comprehensive income for the year of RMB52.7 million in FY2018, compared to a total comprehensive income for the year of RMB135.9 million in FY2017.

## FINANCIAL REVIEW

### FINANCIAL POSITION

#### Property, Plant and Equipment

As at 31 March 2018, the Group had property, plant and equipment of RMB37.0 million, compared to RMB76.5 million as at 31 March 2017. The decrease was due to the net effect of increase contributed by the transfer from properties held for sale of RMB17.6 million and the decrease of RMB67.6 million due to the Distribution.

#### Investment Properties

As at 31 March 2018, the Group had investment properties of RMB20.8 million, compared to RMB557.2 million as at 31 March 2017. The decrease was attributable to the the Distribution.

#### Other Financial Assets

Other financial assets decreased from RMB28.6 million as at 31 March 2017 to RMB20 million as at 31 March 2018. The decrease was attributable to the Distribution.

#### Financial Assets at Fair Value Through Profit or Loss

Non-current assets relating to the financial assets at fair value through profit or loss which were in respect of the option granted for the resale of the entire equity interests of an associate and the contingent consideration receivable in relation to the investment in equity interests of the associate. The decrease from RMB7.0 million as at 31 March 2017 to nil as at 31 March 2018 was mainly attributable to the Distribution.

Current assets relating to the financial assets at fair value through profit or loss included listed equity securities in Hong Kong and the PRC, decreased to RMB8.1 million as at 31 March 2018 from RMB11.3 million as at 31 March 2017. The decrease was mainly attributable to the net fair value loss during the financial year.

#### Held-To-Maturity Investments

As at 31 March 2018, the Group had certain held-to-maturity investments which bore interest rate ranging from 4.3% to 4.6% per annum and had maturity up to one month.

#### Properties Held Under Development

The Group's properties held under development decreased by RMB932.5 million from RMB1,721.1 million as at 31 March 2017 to RMB788.6 million as at 31 March 2018. The decrease was mainly attributable to the net effect of the increase due to the construction progress of property projects such as Pan Hong Run Yuan Phase 2 and Pan Hong Run He (汎港潤合) and the decrease due to the Distribution.

#### Properties Held for Sale

Properties held for sale decreased from RMB790.9 million as at 31 March 2017 to RMB130.6 million as at 31 March 2018, mainly due to sales of properties of Huzhou Hua Cui Ting Yuan Phase 2 and Pan Hong Run Yuan Phase 1 and the Distribution of Sino Harbour Group.

#### Prepayments and Other Receivables

The Group's prepayments and other receivables decreased from RMB405.9 million as at 31 March 2017 to RMB157.2 million as at 31 March 2018. The decrease of RMB248.7 million was mainly due to the net effect of (i) the re-classification of the prepaid land use rights of Pan Hong Run He which amounted to RMB217 million to property held under development and (ii) the prepayments to the contractors for the construction of the Group's projects.

#### Tax Recoverable

Tax recoverable decreased from approximately RMB25.6 million as at 31 March 2017 to approximately RMB7.8 million as at 31 March 2018, mainly due to the Distribution.

#### Pledged Deposits

Long-term and short-term pledged deposits decreased from RMB379.0 million as at 31 March 2017 to RMB109.6 million as at 31 March 2018. The decrease was mainly due to the decrease in deposits pledged and secured against the banking facilities granted to the mortgages and the Distribution.

## FINANCIAL REVIEW

### Accounts Payable, Accruals, Receipts in Advance and Other Payables

Accounts payable decreased to RMB7.5 million as at 31 March 2018 from RMB92.2 million as at 31 March 2017 mainly due to the Distribution and the decrease in the amounts payable to suppliers for construction costs incurred in respect of the Group's properties held under development.

Accruals, receipts in advance and other payables decreased from RMB1,090.4 million as at 31 March 2017 to RMB798.0 million as at 31 March 2018.

Accruals, receipts in advance and other payables comprised mainly of advance receipts from customers in respect of the Group's property pre-sales, accrued construction costs and project-related expenses that were based on the progress of the project development but were not due for payment as well as guarantee deposits by the subcontractor as at 31 March 2018.

The decrease in accruals, receipts in advance and other payables was mainly due to the net effect of the (i) the increase in advance receipts from the customers of Pan Hong Run Yuan Phase 2, (ii) decrease in advance receipts from the customers of Pan Hong Run Yuan Phase 1 and Huzhou Hua Cui Ting Yuan Phase 2 upon the handover and recognition of sale of properties, and (iii) the Distribution.

### Current Tax Liabilities

Current tax liabilities decreased from RMB171.8 million as at 31 March 2017 to RMB58.0 million as at 31 March 2018. The decrease was mainly attributable to the Distribution and the repayment of tax liabilities during the financial year.

### Amounts Due to Related Parties

Amounts due to related parties decreased from RMB33.0 million as at 31 March 2017 to RMB11.4 million as at 31 March 2018. The decrease was mainly attributable to repayment to non-controlling interests of a subsidiary.

### Bank Loans

As at 31 March 2018, the Group had total borrowings of RMB100.4 million, a decrease from RMB936.8 million as at 31 March 2017, mainly due to the Distribution.

Bank loans of approximately RMB8.6 million were secured by the Group's property, plant and equipment as at 31 March 2018. Bank loans of approximately RMB91.8 million were mainly secured by deposits of RMB103.5 million which were classified as Pledged deposits as at 31 March 2018.

Based on the Group's total equity of RMB651.4 million and deposit collateral of RMB103.5 million, the Group recorded a gearing ratio (total bank and other loans/ total equity) of 15.4% as at 31 March 2018, compared to 42.2% as at 31 March 2017.

### Deferred Tax Liabilities

Deferred tax liabilities decreased from RMB83.7 million as at 31 March 2017 to RMB3.7 million as at 31 March 2018, mainly due to the Distribution.

### Cash Flow Analysis

In FY2018, the Group recorded RMB57.1 million of net cash used in operating activities which was mainly due to the net effect of advance receipts from customers for pre-sale of properties and the progress payment for the construction.

Net cash used in investing activities in FY2018 amounted to RMB17.0 million, mainly due to the net effect of the purchase of held to maturity investment and other financial asset.

Net cash used in financing activities in FY2018 amounted to RMB10.9 million, mainly due to net effect of the net increase of bank borrowings and the disposal of subsidiaries due to the Distribution.

As at 31 March 2018, the Group had cash and cash equivalents of RMB202.2 million.

## BOARD OF DIRECTORS

**Mr. Wong Lam Ping** is our Executive Chairman, Chief Executive Officer and Founder of our Group. He was appointed to our Board on 3 January 2006 and was last re-elected on 29 July 2016. Mr. Wong is responsible for the formulation and execution of overall business strategies and policies as well as the overall management of our Group. Mr. Wong has over 30 years of property development experience since he established Pan Hong Co., Ltd. in 1983. Mr. Wong also sits on the board of several investment holding companies. In 2004, he was appointed a director of Chaozhou Jinaote Sanitary Ware Ltd. Mr. Wong completed a postgraduate course in Economics of Science and Technology and Management from Zhejiang University of Technology in 2000. He holds an honorary degree of a Doctor of Business Management from Armstrong University.

**Ms. Wang Cuiping** was appointed as our Executive Director on 14 August 2006 and was last re-elected on 30 July 2015. She joined our Group in 2002, and is responsible for planning and financial management, and human resource management of the Group. Before joining Pan Hong, she spent 13 years from 1982 with the Inner Mongolia Hai Bo Wan Mining Bureau (內蒙古海勃灣礦務局) handling accounting matters and eventually became the head of the financial department from 1992 to 1995. From 1995 to 2002, she worked as a tax expert for the Inner Mongolia Wu Hai City State Administration of Taxation (內蒙古烏海市國稅局). She later joined 999 Huzhou Pharmaceutical Company (三九湖州藥業) as the head of the financial department, before joining our Group as senior accountant in 2002. Ms. Wang graduated from the Inner Mongolia Coal Industrial School (內蒙古煤炭工業學校) in 1982 with a degree in Financial Accounting, and from the Inner Mongolia Broadcast and Television University (內蒙古廣播電視大學) with a degree in Industrial Accounting in 1986. She was certified as a PRC Certified Tax Expert by the PRC Ministry of Finance, State Administration of Taxation in 2000 and as a PRC Certified Public Accountant by the Chinese Institute of Certified Public Accountants in 2004.

**Mr. Chan Kin Sang** is our Non-Executive and Non-Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2015. He is currently the senior partner of Messrs. Peter K.S. Chan & Co, Solicitors and Notaries. He has been a practising solicitor in Hong Kong since 1982. Mr. Chan graduated from the University of Hong Kong with a Bachelor of Laws degree in 1979. He was admitted as a Notary Public in 1997 and as a China-appointed Attesting Officer in 2000. He is currently a Fellow of the Hong Kong Institute of Directors.

Mr. Chan is currently an independent non-executive director of another Singapore listed company, namely Luxking Group Holdings Limited and three Hong Kong listed companies, namely China Fortune Financial Group Limited, Pak Tak International Limited and Tianhe Chemicals Group Limited. Mr. Chan is also a director of Guanghe Landscape Culture Communication Co., Ltd., ShanXi which is listed on the Shanghai Stock Exchange. For the past 3 years, Mr. Chan also held directorships in the following Hong Kong listed companies, namely. China Precious Metal Resources Holding Co., Ltd., Runway Global Holdings Company Limited, Tianjin TEDA Biomedical Engineering Company Limited, Combest Holdings Limited, China Healthcare Enterprise Group Limited and China Taifeng Beddings Holdings Limited.

## BOARD OF DIRECTORS

**Mr. Sim Wee Leong** is our lead Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2015. He is currently practising as a Chartered Accountant (Singapore) in Smalley & Sims PAC, a well established local accounting practice. He started his professional career in 1989 with an international accounting firm, before leaving in 1997 to join his current firm. He graduated with a Bachelor of Accountancy from the National University of Singapore in 1989.

**Dr. Choo Kian Koon** is our Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 29 July 2016. Dr. Choo has over 35 years of experience in the property industry. He is currently the chairman of VestAsia Group Pte Ltd, a real estate advisory services company and Independent Director of Manulife US Real Estate Management Pte. Ltd. (Manager of Manulife US Real Estate Investment Trust). He is also an adjunct associate professor at the Department of Real Estate, National University of Singapore. For the past 3 years, Dr. Choo also held directorship in Ascendas Hospitality Trust (A-HTrust).

Dr. Choo was formerly the CEO of the Real Estate Developers' Association of Singapore. Before that he was the Senior Vice President at CapitaLand and CapitaLand Residential Limited, and was on the board of United Malayan Land Bhd, a real estate developer listed on Bursa Malaysia. Prior to joining the CapitaLand group of companies, Dr. Choo was the National Director and head of Research and Consultancy at Jones Lang LaSalle Property Consultants Pte Ltd where he was the Asia Pacific regional head of research. Before that, he was with Richard Ellis Property Consultants as the Director and the Head of Development and Consultancy. Dr. Choo was also previously a senior lecturer with the School of Building and Estate Management of the National University of Singapore.

Dr. Choo obtained a Doctorate in Urban Planning from the University of Washington with a Certificate of Achievement in Urban Design in 1988, a Master of Philosophy in Environmental Planning from the University of Nottingham in 1979, and a Bachelor of Science in Estate Management from the University of Singapore in 1974. He is a fellow of the Singapore Institute of Surveyors and Valuers and an affiliate member of the Singapore Institute of Planners.

**Dr. Zheng Haibin** is our Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2015. He is presently the Director of CCH High-Tech Enterprise Ltd. and the Director of Shenzhen Scinfo Venture Capital Management Co., Ltd. He was also a visiting Assistant Professor at the University of Waterloo from 1989 to 1991. Dr. Zheng graduated from Copenhagen University with a Doctorate in Natural Science in 1987 and a Bachelor degree from Zhongshan University in 1982.

*Mr. Chan Kin Sang is the nephew of Mr. Wong Lam Ping. Save as disclosed, none of our Directors is related to each other or to any of our Executive Officers.*

*None of our Directors had been appointed pursuant to any arrangement or understanding with a substantial shareholder, customer or supplier*

## KEY MANAGEMENT PERSONNEL

**Mr. Wang Yinjian** is the General Manager and Managing Director of the principal subsidiaries of the Group. Mr. Wang is our Group's Human Resources Manager, and is responsible for our Group's human resource management. He joined the Zhejiang Provincial Bureau of Materials Chemical and Light Industrial Company (浙江省物資局化工輕工總公司) in 1983 and was promoted to the Head of the Planning Department. In 1993, he became the Import and Export Manager of the same company for the next five years. Concurrently, he was also appointed as Assistant General Manager of the China Chemical Construction Zhejiang Material Trading Company Ltd. (中國化工建設浙江物化有限公司). He then became Trading Manager of both Huzhou Jinquan Trading Co., Ltd. (湖州金泉貿易有限公司) as well as Huzhou Yiyuan Trading Co., Ltd. (湖州怡源有限公司), from 1998 to 2002. He subsequently joined Huzhou Longhai Biological Pharmaceutical Co. Ltd. (湖州龍海生物藥業有限公司) as the Assistant General Manager before joining our Group in 2004. Mr. Wang graduated from Zhejiang University of Technology (浙江工業大學) in 1983 with a Bachelor degree in Inorganic Chemical Engineering. He was later conferred a Master of Business Administration degree by the Zhejiang Province Degree Committee (浙江省學位委員會) in 2000. Mr. Wang was also certified as an Economist by the Zhejiang Provincial Bureau of Materials (浙江省物資局) in 1991.

**Mr. Xu Guangquan** is our Group's Property Management Manager. He is responsible for the property management, decoration management and development, as well as the management of certain of our subsidiaries. He has over 37 years of work experience, with the greater part of the last decade based in the real estate industry. Mr. Xu started working in 1967 with the Hangzhou Machine Tool Group Co., Ltd. (杭州機床廠) where he was promoted to the Head of the Supply and Marketing Department. In 1988, he joined Hangzhou City Jiang Ping Sales and Trading Centre (杭州市江平供銷貿易中心) as Business Manager. He joined our Group as General Manager of our subsidiary, Hangzhou Asia City Company in 1997, before being appointed as General Manager of Hangzhou Liyang Company in 2004. Mr. Xu graduated from Zhejiang Radio and TV University (浙江廣播電視大學) in 1988 with a Bachelor of Laws degree.

**Mr. Lau Ka Ho, Billy** joined our Group as the Group Financial Controller and Company Secretary on 31 July 2017. He is responsible for the Group's finance and accounting functions, and statutory compliance and corporate governance of the Group. Before joining the Group, he was working in Deloitte Touche Tohmatsu Hong Kong from 2008 to 2012, Deloitte Touche Tohmatsu CPA LLP (Beijing Branch) from 2012 to 2014 and Deloitte & Touche Financial Advisory Service Limited (Shenzhen) from 2014 to 2017. Mr. Lau is a member of CPA Australia. He holds a Bachelor of Commerce degree majoring in Accounting, Finance and Financial Planning from the Deakin University, Australia.

*None of our key management personnel are related to each other or to any of our Directors or substantial shareholders.*

*None of our key management personnel had been appointed pursuant to any arrangement or understanding with a substantial shareholder, customer or supplier.*

## REPORT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Pan Hong Holdings Group Limited is committed to maintaining high standards of corporate governance within the Company and its subsidiaries. The Board recognises that good corporate governance establishes and maintains a legal and ethical environment, which is essential for preserving and enhancing the interests of all stakeholders. This report describes the Group’s corporate governance framework and practices that were in place throughout the financial year under review. The Board confirms that the Company had adhered to the principles and guidelines of the Code of Corporate Governance 2012 (“Code”), where they are applicable, relevant and practicable to the Group. Any deviations from the guidelines of the Code or areas of non-compliance have been explained accordingly.

### (A) BOARD MATTERS

#### PRINCIPLE 1: BOARD’S CONDUCT OF ITS AFFAIRS

The Board, in addition to its statutory responsibilities, is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. It sets the overall strategy, values and standards (including ethical standards) of the Group and has the duty to protect and enhance long-term shareholders’ value. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. It believes that when making decisions, all Directors of the Board discharge their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company. To fulfill this role, the Board’s responsibilities include:

- (i) providing effective entrepreneurial leadership, guiding and setting strategic objectives and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its objectives;
- (ii) reviewing the processes relating to risk management systems and adequacy and effectiveness of internal controls, including financial, operational, compliance and information controls identified by the Audit Committee (“AC”) that are required to be strengthened for assessment and its recommendations on actions to be taken to address and monitor the areas of concern;
- (iii) advising Management on major policy initiatives and significant issues and approving board policies, strategies and financial objectives of the Company;
- (iv) reviewing the performance of the Group towards achieving adequate shareholders’ values, including but not limited to approving announcements relating to the financial results of the Group and the audited financial statements, and timely announcements of material transactions;
- (v) identifying key stakeholder groups and recognise that their perceptions affect the Group’s reputation;
- (vi) approving annual budgets, key operational matters, major funding proposals, investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposal of assets and interested person transactions of a material nature, dividend payment (if any) and convening of shareholders’ meetings, approving share buybacks, if any, and making decisions in the interests of the Group;
- (vii) approving all Board appointments or re-appointments and appointments of key management personnel;
- (viii) establishing and maintaining a framework of good corporate governance within the Group, including risk management systems and prudent, adequate and effective internal controls to safeguard shareholders’ interests and the Group’s assets;
- (ix) evaluating the performance and compensation of directors and key management personnel; and
- (x) overseeing the proper conduct of the Company’s business and assuming responsibility for its corporate governance processes.

## REPORT ON CORPORATE GOVERNANCE

The Board will consider sustainability issues such as environmental and social factors as part of its strategic formulation in line with the Code. To facilitate effective management and assist the Board in executing its responsibilities and to enhance the Group's corporate governance framework, the Board delegates specific authority to three Board Committees which comprise the AC, Nominating Committee ("NC") and Remuneration Committee ("RC"). All Board Committees, save for the AC which comprises only Independent Directors, are chaired by an Independent Director and a majority of the members are Independent Directors. These Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis to ensure their continued relevance. The effectiveness of each committee is also constantly monitored.

The Board accepts that while these Board Committees with the delegated power to make decisions, execute actions or make recommendations in their specific areas respectively and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for the decisions and actions rests with the Board.

The Board meets on a quarterly basis to review *inter alia* the financial results and accounting policies. Ad-hoc meetings will be held as and when required to address any significant issues that may arise in-between scheduled meetings. These meetings are scheduled in advance to facilitate the individual Director's planning in view of their ongoing commitments.

Where physical Board and Board Committees' meetings are not possible, timely communication with members of the Board or Board Committees can be achieved through electronic means and circulation of written resolutions for approval by the relevant Board and Board Committees' members. The Company's Bye-laws provides for meetings to be held via telephone, electronic or other communication facilities which permit all persons participating in the meeting to communicate with each other simultaneously.

Directors may request further explanations, briefing or discussion on any aspect of the Group's operations or business from Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings. The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

The approval of the Board is required for any matters which is likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business. The matters reserved for the Board's decision and the types of material transactions that are likely to have a material impact on the Group's operating units and/or financial position as well as matters other than in the ordinary course of business, are as follows:

- Quarterly, half-year and full year financial results;
- The Group's strategic plans including long-term strategic plans;
- The Group's annual operating plan and budget;
- Potential joint venture, merger, acquisition, divestment or other changes in the Company's assets, if any;
- Management changes or changes in effective control of the Company, if any;
- Firm evidence of significant improvement or deterioration in near term earnings prospects, if any;
- Subdivision of shares or stock dividends, if any;
- Acquisition or loss of significant contract, if any;
- Significant new product or discovery, if any;
- Public or private sale of significant amount of additional securities of the Company, if any;
- Share Buyback, if any;
- Share Option or share schemes, if any;
- Scrip Dividend Scheme, if any;
- Interested Person Transactions, if any;
- Borrowing of a significant amount of funds, if any;
- Occurrence of an event of default under debt or other securities or financing or sale agreements, if any;
- Significant litigation, if any;
- Significant change in capital investment plans e.g. building of factories, increasing plant and machinery and increasing production lines, if any;
- Significant dispute(s) with customers or suppliers, or with any parties, if any;

## REPORT ON CORPORATE GOVERNANCE

- Material financial loss/damage caused by disaster and/or loss of credibility arising from corporate scandals and other fraudulent activities pursuant to any reports received under the Whistle Blowing Policy adopted by the Company, if any;
- Appointment and removal of Secretary;
- Tender offer for another company's securities, if any; and
- Valuation of the Group's assets that has a significant impact on the Group's financial position and/or performance.

Details of Board and Board committees' meetings held in respect of the financial year ended 31 March 2018 ("FY2018") are summarised in the table below:

Meeting	Board of Directors	AC	NC	RC
Total meetings held in FY2018	4	4	1	1

Name of Director	Attended	Attended	Attended	Attended
Mr. Wong Lam Ping	3/4	N.A.	1/1	N.A.
Ms. Wang Cuiping	3/4	N.A.	N.A.	N.A.
Mr. Sim Wee Leong	4/4	4/4	1/1	N.A.
Dr. Choo Kian Koon	4/4	4/4	1/1	1/1
Dr. Zheng Haibin	3/4	3/4	N.A.	0/1
Mr. Chan Kin Sang	3/4	N.A.	N.A.	1/1

### PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

The current composition of the Directors in the Board and Board Committees is as follows:–

Name of Director		AC	RC	NC
Mr. Wong Lam Ping	(Executive Chairman)	-	-	M
Ms. Wang Cuiping	(Executive Director)	-	-	-
Mr. Sim Wee Leong	(Lead Independent Director)	C	-	M
Dr. Choo Kian Koon	(Independent Director)	M	M	C
Dr. Zheng Haibin	(Independent Director)	M	C	-
Mr. Chan Kin Sang	(Non-Executive and Non-Independent Director)	-	M	-

C – Chairman

M – Member

The Board comprises two Executive Directors, and four Non-Executive Directors, of whom three are Independent. No alternate directors have been appointed to any Directors. There is a strong and independent element on the Board, with Independent Directors making up at least half of the Board.

The size and composition of the Board is reviewed annually by the NC to ensure that the size of the Board is appropriate so as to facilitate effective decision making. The review will ensure that there is an appropriate mix of expertise and experience, which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. The Board, with the concurrence of the NC, is of the opinion that its current board size of six members is appropriate, taking into account the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees.

## REPORT ON CORPORATE GOVERNANCE

Together, the Board and Board Committees comprise Directors who as a group provide a broad range and an appropriate balance and diversity of expertise in areas such as accounting, finance, legal, knowledge of the Company's business, management and industrial experience, strategic planning experience and customer-based experience, knowledge and gender (1 female Director) as well as familiarity with regulatory requirements. The diversity of the Directors' experience allows for useful exchange of ideas and views.

Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and/or other complexities.

The information on Directors' position, date of initial appointment, date of last re-election and directorships/ chairmanships held by the Company's Directors in other listed companies are as follows:-

(1) Name of Director	Position	Date of Initial Appointment	Date of Last Re-election	Directorships in other listed companies	
				Current	Past 3 Years
Mr. Wong Lam Ping	Executive Chairman	3 January 2006	29 July 2016	Nil	Nil
Ms. Wang Cuiping	Executive Director	14 August 2006	30 July 2015	Nil	Nil
Mr. Sim Wee Leong	Lead Independent Director	14 August 2006	30 July 2015	Nil	Nil
Dr. Choo Kian Koon	Independent Director	14 August 2006	29 July 2016	(i) Manulife US Real Estate Management Pte. Ltd. (Manager of Manulife US Real Estate Investment Trust)	(i) Ascendas Hospitality Trust (A-HTRUST)
Dr. Zheng Haibin	Independent Director	14 August 2006	30 July 2015	Nil	Nil
Mr. Chan Kin Sang	Non-Executive and Non-Independent Director	14 August 2006	30 July 2015	(i) Luxking Group Holdings Limited (ii) Tianhe Chemicals Group Limited <sup>(2)</sup> (iii) China Fortune Financial Group Limited <sup>(2)</sup> (iv) Guanghe Landscape Culture Communication Co., Ltd., ShanXi <sup>(3)</sup> (v) Pak Tak International Limited	(i) China Precious Metal Resources Holdings Co., Ltd. <sup>(2)</sup> (ii) Runway Global Holdings Company Limited <sup>(2)</sup> (iii) Tianjin TEDA Biomedical Engineering Company Limited <sup>(2)</sup> (iv) Combest Holdings Limited <sup>(2)</sup> (v) China Taifeng Beddings Holdings Limited <sup>(2)</sup> (vi) China Healthcare Enterprise Group Limited <sup>(2)</sup>

(1) The principal commitment of the Directors, if any, and other key information regarding the Directors are set out in the "Board of Directors" section in this Annual Report

(2) Listed on The Stock Exchange of Hong Kong Limited

(3) Listed on the Shanghai Stock Exchange.

## REPORT ON CORPORATE GOVERNANCE

### PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“CEO”)

Mr. Wong Lam Ping (“Mr. Wong”), the founder of the Group, is the Executive Chairman and also the CEO of the Group. He plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. Mr. Wong is responsible for the business strategy and directions, formulation and execution of overall business strategies and policies, including but not limited to, decision making and day-to-day running of the Group’s operations.

Although the roles and responsibilities for the Chairman and the CEO are vested in Mr. Wong, this being a deviation from the guideline of the Code, the Board believes that vesting the roles of both Chairman and CEO in the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and hence, allowing more effective planning and execution of long-term business strategies.

All major decisions made by Mr. Wong are reviewed by the Board. The Board believes that there are adequate safeguards and checks in place to ensure that the process of decision-making by Board is independent and based on collective decisions without any individual exercising any considerable concentration of power of influence. As such, there is a balance of power and authority and therefore no one individual can control or dominate the decision-making process of the Company. The Board is not considering separating the roles of the Chairman and the CEO at this moment. The NC will review the need to separate the roles from time to time and make its recommendation when necessary.

As Chairman of the Board, Mr. Wong is responsible for, amongst others, the effective working of the Board such as leading the Board and ensuring that Board meetings are held when necessary and on all aspects of its role, setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues, with the assistance of the Group Financial Controller, promoting a culture of openness and debate at the Board, ensuring compliance with the Company’s guidelines and promoting high standards of corporate governance, acting as a facilitator at Board meetings to ensure effective contribution of Non-Executive Directors and that the Directors receive complete, adequate and timely information, encouraging constructive relations within the Board and between the Board and Management, maintaining regular dialogue with Management on all operational matters and ensuring effective communication with shareholders. The Company Secretaries assist the Chairman in scheduling the Board and Board Committees’ meetings respectively.

The Executive Chairman and CEO’s performance and appointment to the Board are reviewed periodically by the NC and his remuneration package is reviewed by the RC when his Service Agreement is due for renewal. Both the NC and RC are chaired by Independent Directors.

In line with the guidelines of the Code, Mr. Sim Wee Leong was appointed Lead Independent Director of the Company to coordinate and lead the Independent Directors to provide a non-executive perspective and to contribute a balanced viewpoint to the Board. Mr. Sim, being one of the key contacts listed in the Group’s Whistle Blowing Policy, is also available to address the concerns, if any, of the Company’s shareholders for which contact through the normal channels of the Chairman and CEO or the Group Financial Controller has failed to resolve or is inappropriate.

The Independent Directors, led by the Lead Independent Director, will meet every quarter without the presence of the other Directors and the Lead Independent Director will provide feedback to the Chairman after such meetings so as to facilitate effective discussion with the Chairman and between the Board on strategic issues and any other issues that may arise. The Non-Executive and Non-Independent Director is encouraged to join the meeting, if required. For FY2018, the Independent Directors had met every quarter without the presence of other Directors and the feedback, if any, had been provided to the Chairman accordingly.

## REPORT ON CORPORATE GOVERNANCE

### PRINCIPLE 4: BOARD MEMBERSHIP

The NC is regulated by a set of written terms of reference which are in line with the Code. The NC comprises three members, a majority of whom, including the Chairman, are Independent Directors. The composition of the NC is as follows:–

Dr. Choo Kian Koon (Chairman)  
Mr. Sim Wee Leong  
Mr. Wong Lam Ping

The NC is responsible for, including but not limited to, the following key terms of reference:

- (i) making recommendations to the Board on all Board appointments and re-appointments (including Alternate Directors, if applicable), or re-elections, having regard to the Director's competencies, commitments, contributions and performance;
- (ii) reviewing the Board and Board Committees' structure, size and composition and making recommendations to the Board with regard to any adjustments, where appropriate;
- (iii) determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment or re-election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent, including disclosure on the search and nomination process;
- (iv) reviewing Board succession plans for Directors, in particular, the Chairman and CEO and progressive renewal of the Board by considering each Director's competencies, commitment, contribution and performance such as attendance, preparedness, participation and candour, including if applicable, as an Independent Director;
- (v) determining annually whether a Director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;
- (vi) determining whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, having regard to the competing time commitments that are faced particularly when he has multiple board representations and other principal commitments and to recommend to the Board guidelines to address competing time commitments faced by Directors, if any, who serve on multiple boards;
- (vii) determining how the Board's performance may be evaluated and proposing objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value;
- (viii) assessing the effectiveness of the Board as a whole and its Board Committees and to assess the contribution by the Chairman and each individual Director to the effectiveness of the Board; and
- (ix) reviewing training and professional development programmes for the Board.

The NC has in place a Process for Selection and Appointment of New Directors. In selecting potential new Directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfill its responsibilities. Although the Board does not have a written policy with regards to diversity in identifying director nominees, it will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. The NC will evaluate the suitability of the nominee or candidate based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board before making its recommendations to the Board.

## REPORT ON CORPORATE GOVERNANCE

Newly appointed Directors will be provided with background information about the history, the Group's structure, business operations, vision and values, strategic direction, policies and governance practices. They will also be briefed and given an orientation by the Management to familiarise themselves with the businesses and operations of the Group. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary training and briefing.

The Directors also have the opportunity to visit the Group's operating facilities and meet with Management to gain a better understanding of the Group's business operations and governance practices. The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks at the Company's expense from time to time to apprise themselves of legal, financial and other regulatory developments, if required. As an ongoing exercise, the Directors will also be briefed by professionals during Board meetings or at separate seminars on amendments and requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") and other statutory and regulatory changes which may have an important bearing on the Company and the Directors' obligations to the Company, from time to time. For FY2018, the Company did not appoint any new Director and/or first-time Director.

Upon the appointment of each Director, the Executive Directors are provided with a Service Agreement setting out the terms and conditions of his/her appointment. The Service Agreement is reviewed and subject to the RC's recommendation, be renewed upon expiry or unless terminated by either party.

The NC, which is responsible for reviewing the independence of each Director on an annual basis, had adopted the Code's definition of an Independent Director and guidelines as to relationships in determining the independence of a Director. In addition, the NC requires each Non-Executive Director to assess his own independence by completing a Confirmation of Independence form which is drawn up in accordance with the guidelines of the Code and state whether he considers himself independent despite having any of the Directorships identified in the Code which would deem him not to be independent, if any.

For FY2018, the NC had reviewed the independence of the Board members with reference to the guidelines set out in the Code. All the Independent Directors, namely, Dr. Choo Kian Koon, Mr. Sim Wee Leong and Dr. Zheng Haibin have served on the Board beyond nine years from the date of their first appointment. In addition to the Confirmation of Independence forms submitted by Dr. Choo Kian Koon, Mr. Sim Wee Leong and Dr. Zheng Haibin, the NC has conducted a rigorous review of their independence and contributions to the Board to determine if they still remain independent and carry out their duties objectively, taking into account the need for progressive refreshing of the Board. The review included but was not limited to the completion of a questionnaire of their independence with a mixture of close-ended and open-ended questions in respect of whether there are any conflicts of interest or relationship that is/are likely to affect their independence; whether they continue to express his views objectively and seek clarification and amplification when deemed necessary; whether they continue to debate issues objectively; whether they continue to Scrutinise and challenge Management on important issues raised at meetings and whether they are able to bring judgement to bear in the discharge of his duties as a Board member and committee member. The questionnaire was completed by each of the Director concerned.

The Board concurred with the NC's view that they are independent in character and judgement, there were no circumstances which would likely affect or appear to affect their judgement and that they are free from any relationships outlined in the Code. The Board acknowledges their combined strength of characters, objectivity and wealth of useful and relevant experience bring themselves to continue effectively as Independent Directors. The Board also acknowledges and recognises the benefits of the experience and stability brought by these long-serving Independent Directors. In the determination of Mr. Sim, Dr. Choo and Dr Zheng's independence, they have excused themselves respectively when it comes to the deliberation and determination of their own independence.

## REPORT ON CORPORATE GOVERNANCE

The NC had also considered the declaration of Mr. Chan Kin Sang, a Non-Executive Director who is the nephew of the Chairman/CEO, Mr. Wong. Although he does not have any relationships as contemplated by the Code, for good corporate governance practice, he is considered not independent and will remain as a Non-Executive and Non-Independent Director of the Company. Save as disclosed, none of the other Non-Executive Directors are related and do not have any relationships with the Company, its related corporations, its substantial shareholder with a shareholding of 10% or more, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgement with a view to the best interests of the Company. The Board concurred with the NC's views.

Pursuant to its Terms of Reference, the NC is required to determine if a Director has been adequately carrying out his duties as a Director of the Company, particularly if he has multiple Board representations in listed company and other principal commitments. In view of this, the NC, having considered the confirmations received by the Non-Executive Directors, is of the view that such multiple board representations (where applicable) do not hinder each Non-Executive Director from carrying out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurred with the NC's views.

In determining whether each Director is able to devote sufficient time to discharge his duty, the NC has taken cognizance of the Code's requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and his respective principal commitments per se. The contributions by Directors to and during meetings of the Board and Board Committees as well as their attendance at such meetings, in addition to each of their principal commitments, should also be taken into account. The NC and the Board will review the number of listed company board representations of the Directors on an annual basis or from time to time when the need arises.

In accordance with the provisions of the Company's Bye-laws, all Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years and newly appointed Directors will submit themselves for re-nomination and re-election at the next Annual General Meeting ("AGM") following their appointment.

The NC having considered the attendance and participation of the following Directors at the Board and Board Committees meetings in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board their re-election at the forthcoming AGM.

### Bye-law 86(1)

Ms. Wang Cuiping

Mr. Chan Kin Sang

Mr. Sim Wee Leong

Dr. Zheng Haibin

All Directors retiring by rotation have consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, the above Directors will be offering themselves for re-election.

Each member of the NC had abstained from voting on any resolution and making any recommendation and/or participate in respect of his re-election, if any, as Director.

## REPORT ON CORPORATE GOVERNANCE

### PRINCIPLE 5: BOARD PERFORMANCE

The Company acknowledges the importance of a formal assessment of Board performance and has in place a system to assess the performance of the Board as a whole.

Currently, the Board does not assess the performance of each Director or at the Board Committees' level. The Board is of the view that given the Board's size, cohesiveness of Board members and attendance of Directors at Board Committees meetings, there is no value-add in having assessments of Board Committees and individual Board members. To-date, no external facilitator has been used.

The evaluation of the Board's performance is conducted annually by the NC. Each Director is required to complete a questionnaire relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability as well as matters concerning CEO/Senior Management and standard of conduct of its Board members.

For the year under review, an evaluation of the Board's performance was conducted. The evaluation exercise provided feedback from each Director, his views on the Board, procedures, processes and effectiveness of the Board as a whole. The results of the Board performance evaluation were collated and the findings presented to the NC for discussion with comparatives from the previous year's results.

The NC is generally satisfied with the Board performance for FY2018 which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with Board members who agreed to work on those areas that could be improved further. The NC will continue to evaluate its process for such review and its effectiveness from time to time. No external facilitator was appointed.

### PRINCIPLE 6: ACCESS TO INFORMATION

Management has an obligation to supply the Board with complete, adequate information in a timely manner.

The Executive Directors and Management keep the Board informed of the Group's operations and performance through regular updates and reports as well as through informal discussions. Prior to any meetings of the Board or Board Committees, Directors are provided, where appropriate, with management information to enable them to participate at the meetings. Management also provides to the Board every half-yearly the Group's budget and quarterly updates on the sale and status of the Group's properties, including industry updates, to enable the AC and Board to understand its business, the business and financial environment as well as the risks faced by the Company. The Executive Chairman/CEO and Management are present at Board and Board Committees' meetings to address any queries which the Board may have. In addition, Board members have separate and independent access to Management and the Company Secretaries.

The Company Secretaries and/or their representatives attend all Board and Board Committees' meetings and provide secretarial support to the Board, ensuring that Board procedures and all other rules and regulations applicable to the Company are adhered to.

The appointment and/or change of the Company Secretaries are subject to approval by the Board.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors, whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such independent professional advisor is subject to approval by the Board.

# REPORT ON CORPORATE GOVERNANCE

## (B) REMUNERATION MATTERS

### PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC is regulated by a set of written terms of reference which are in line with the Code. The RC comprises three Non-Executive Directors, a majority of whom, including the Chairman, are Independent Directors. The composition of the RC is as follows:–

Dr. Zheng Haibin (Chairman)  
Dr. Choo Kian Koon  
Mr. Chan Kin Sang

The RC is responsible, including but not limited to, the following key terms of reference:

- (i) reviewing and recommending to the Board a framework of remuneration and determining the specific remuneration packages and terms of employment for each Executive Director and key management personnel of the Group and employees related to the Directors or controlling shareholders of the Group. Such remuneration package should be in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;

The service contracts of the Executive Directors and key management personnel should contain the following contractual provisions:

- (a) to allow the Group to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatements of financial results or of misconduct resulting in financial loss of the Group; and
  - (b) to consider what compensation commitments the Executive Directors and key management personnel's contracts of service, if any, would entail in the event of termination with a view to be fair and reasonable and avoid rewarding poor performance.
- (ii) recommending the remuneration of Non-Executive Directors, taking into account factors such as their efforts and time spent and their responsibilities;

The Non-Executive Directors should not be overly compensated to the extent that their independence may be compromised. The RC may consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align their interests with the interests of the shareholders;

- (iii) recommending to the Board long term incentive schemes which may be set up from time to time; and
  - (iv) carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

The scope of the RC's review covers all aspect of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards and ensure that the interests of the Executive Directors align with that of the shareholders. The recommendation of the RC for the Directors' remuneration would be submitted to the Board for endorsement.

No Director or member of the RC is involved in deciding his own remuneration.

The Company did not appoint any remuneration consultant. If required, the RC will seek expert's advice inside and/or outside the Company on remuneration of all Directors and key management personnel.

## REPORT ON CORPORATE GOVERNANCE

### PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The remuneration packages are set such that the Directors are adequately but not excessively remunerated compared to other comparable companies in the industry in view of present market conditions and which takes into account the individual's and the Company's performance.

Mr. Wong Lam Ping (Executive Chairman and CEO of the Group) and Ms. Wang Cuiping (Executive Director) had each entered into separate service agreements with the Company which will be subject to review and renewal upon expiry or unless terminated by a notice in writing of not less than 3 months served by either party on the other.

The Company does not have any contractual provision which allows the Company to reclaim incentive components of remuneration from Executive Directors and/or key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company as such provisions will stifle the Company's ability to effectively attract and retain the right individuals. The RC will review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC also aims to be fair and avoid rewarding poor performance.

An annual review of the remuneration packages of all Directors was carried out by the RC to ensure that the remuneration of the Directors and key management personnel commensurate with their performance, giving due consideration to the financial and commercial health and business needs of the Group. For FY2018, the RC is satisfied with the Executive Directors and key management personnel's remuneration packages and recommended the same for Board approval. The Board had approved the recommendations accordingly.

The RC, with the concurrence of the Board, is of the view that the current remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as efforts and time spent, and responsibilities of the Directors. Other than Directors' fees, which have to be approved by shareholders at every AGM, the Non-Executive Director and Independent Non-Executive Directors do not receive any other forms of remuneration from the Company.

The RC had recommended to the Board an amount of S\$175,450 as Directors' fees for the year ending 31 March 2019, payable quarterly in arrears. These recommendations have been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

No Director is involved in deciding his or her own remuneration.

Presently, the Company does not have a share option scheme or long term incentive scheme in place.

## REPORT ON CORPORATE GOVERNANCE

### PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The range of remuneration of Directors of the Group for the financial year ended 31 March 2018 is set out below:

#### Directors' Remuneration

Name of director	Fees	(a) Fixed Component	(b) Variable Component	Benefits in Kind	Other Long Term Incentives	Total
	%	%	%	%	%	%
S\$250,000 and below						
Mr. Wong Lam Ping	-	93	6	1	-	100
Ms. Wang Cuiping	-	81	19	-	-	100
Mr. Sim Wee Leong	100	-	-	-	-	100
Dr. Choo Kian Koon	100	-	-	-	-	100
Dr. Zheng Haibin	100	-	-	-	-	100
Mr. Chan Kin Sang	100	-	-	-	-	100

(a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for the financial year ended 31 March 2018.

(b) Variable Component refers to variable or performance related bonus paid in the financial year ended 31 March 2018.

#### Remuneration of Top 3 Key Management Personnel

Name of key management personnel	(a) Fixed Component	(b) Variable Component	Benefits in Kind	Other Long Term Incentives	Total
	%	%	%	%	%
S\$250,000 and below					
Mr. Wang Yinjian	64	36	-	-	100
Mr. Xu Guangquan	63	37	-	-	100
Mr. Lau Ka Ho, Billy	86	12	2	-	100

(a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for the financial year ended 31 March 2018.

(b) Variable Component refers to variable or performance related bonus paid in the financial year ended 31 March 2018.

Notwithstanding Guideline 9.1 of the Code, as there were only 3 key management personnel during the financial year ended 31 March 2018, disclosure was only made in respect of the remuneration of these 3 key management personnel of the Group.

The aggregate remuneration paid to the top 3 key management personnel is approximately S\$199,044.

For FY2018, there were no termination, retirement and post-employment benefits granted to Directors and the top 3 key management personnel (who are not Directors or the CEO).

## REPORT ON CORPORATE GOVERNANCE

Due to the confidentiality and commercial sensitivity attached to remuneration matters, in particular those of our key management personnel, given the highly competitive environment the Group operates in, the Company does not fully disclose the remuneration of each individual director and the key management personnel. However, the disclosures had been provided in applicable bands of S\$250,000 as above, with a breakdown in percentage of the remuneration earned through fees, fixed component, variable component, benefits in kind, and/or other long term incentives.

The remuneration of employees who are immediate family members of a Director or the CEO ("Immediate Family Member"), and whose remuneration exceeds S\$50,000 for the financial year ended 31 March 2018 are set out below:-

Name of Immediate Family Member	
Below S\$300,000 and above S\$250,000	*Ms. Chan Heung Ling (spouse of Mr. Wong Lam Ping, the Executive Chairman and CEO)
Below S\$200,000 and above S\$150,000	*Mr. Wong Lui (Son of Mr. Wong Lam Ping, the Executive Chairman and CEO)

\* Ms. Chan Heung Ling, the spouse of Mr. Wong Lam Ping, received remuneration as an employee of Sino Harbour Group Holdings Limited ("Sino Harbour") for the financial year ended 31 March 2018 and is not considered a key management personnel of the Group.

The Shareholders of the Company had approved a distribution, satisfied by a dividend in specie of 1,800,000,000 fully-paid ordinary shares with a par value of HK\$0.01 each in the share capital of Sino Harbour held by the Company in proportion to their respective shareholdings in the Company, on the basis of 3.51349 Sino Harbour Shares for each share of the Company held by an entitled shareholder as at the Books Closure Date on 6 March 2018, fractional entitlements to be disregarded ("Distribution"). The Company held approximately 73.05% of the issued capital of Sino Harbour Holdings prior to the completion of the Distribution.

Upon the completion of the Distribution on 29 March 2018, the Group ceased to hold any shares in Sino Harbour and accordingly, Sino Harbour and its subsidiaries ceased to be subsidiaries of the Company.

Save as disclosed above, no employees of the Group who are immediate family members of a Director or the CEO and whose remuneration exceeds S\$50,000 for the financial year ended 31 March 2018.

### (C) ACCOUNTABILITY AND AUDIT

#### PRINCIPLE 10: ACCOUNTABILITY

The Board provides shareholders with a detailed, balanced and understandable explanation and analysis of the Company's performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators on a quarterly basis within the timeline as stipulated in the Listing Manual of the SGX-ST. All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the International Financial Reporting Standards and approved by the Board before the release to the SGX-ST and the public via SGXNET.

The Board would take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the SGX-ST and where appropriate and required, by establishing written policies.

In line with SGX-ST listing requirements, negative assurance statements were issued by the Board to accompany its quarterly financial results announcements, confirming to the best of its knowledge that, nothing had come to its attention which would render the Company's quarterly results to be false or misleading in any material aspect. The Company is not required to issue negative assurance statements for its full year results announcement.

The Company has also procured undertakings from all Directors and Executive Officers in compliance with Rule 720(1) of the SGX-ST Listing Manual.

## REPORT ON CORPORATE GOVERNANCE

### PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for the overall internal control framework and maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets.

The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It provides discipline and structure, setting the tone of the organization and influencing the control consciousness of its staff. A weak control environment foundation hampers the effectiveness of even the best designed internal control procedure.

The Company does not have a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

The AC, with the assistance of the internal auditors, reviews the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by the Management on an annual basis.

The internal auditor and external auditors have, during the course of their audit, carried out a review of the adequacy and effectiveness of key internal controls within the scope of their audit. Material non-compliance and internal control weaknesses noted, if any, during their respective audits and their recommendations are reported to the AC. In the review work performed by both the internal and external auditors for FY2018, no exceptions were noted. The AC will review the internal auditor's comments and findings and ensure that adequate and effective internal controls in the Group and follow up on actions implemented.

In line with the Code, the AC, with the concurrence of the Board, had adopted a Management Assurance Confirmation Statement ("Management Assurance Statement"). For FY2018, the Executive Chairman and CEO and the Group Financial Controller had provided a Management Assurance Statement confirming that:

- (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances;
- (ii) to the best of their knowledge, nothing has come to their attention as Management, which would render the interim financial statements to be false or misleading in any material aspect;
- (iii) they are aware of their responsibilities for establishing, maintaining and evaluating the effectiveness of the risk management and internal control systems of the Company;
- (iv) they are not aware of any known significant deficiencies in the risk management and internal control systems relating to preparation and reporting of financial data, or of any fraud; and
- (v) the internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage 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. The review of the Group's internal control systems is a concerted and continuing process.

No known significant deficiencies or lapses in risk management and internal controls systems were noted in FY2018.

## REPORT ON CORPORATE GOVERNANCE

In view of the above, the Board, with the concurrence of the AC, is of the opinion that the internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems are adequate and effective. As recommended by the SGX-ST, the opinion of the Board pursuant to Rule 1207(10) of the Listing Manual of the SGX-ST is also set out in the Directors' Report under page 49 of the Annual Report.

### PRINCIPLE 12: AUDIT COMMITTEE

The AC is regulated by a set of written terms of reference which are in line with the Code. The AC comprises all Independent Directors and its composition is as follows:–

Mr. Sim Wee Leong (Chairman)  
Dr. Choo Kian Koon  
Dr. Zheng Haibin

The Board is of the view that all AC members are appropriately qualified, having the necessary recent and relevant accounting and/or related financial management expertise or experience as the Board interprets such qualification in its business judgement, to discharge their responsibilities. None of the members nor the AC Chairman are former partners or Directors of the Group's existing auditing firm nor does any of them has any financial interests in the auditing firm.

The AC meets at least four times a year and, as and when deemed appropriate to carry out its function, where applicable, the following key terms of reference:

- (i) reviewing with the internal and external auditors the audit plans, their evaluation of the system of internal controls, audit reports, letters to Management and Management's response respectively;
- (ii) reviewing the Group's quarterly and full year financial results and announcements before submission to the Board for approval so as to ensure the integrity of the Company's financial statements, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory, stock exchange or regulatory requirements;
- (iii) reviewing annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management policies;
- (iv) ensuring where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management;
- (v) reviewing the internal control and procedures to ensure co-ordination between the internal auditors and external auditors and co-operation from Management and assistance given to facilitate their audit and problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);
- (vi) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;
- (vii) reviewing the scope and results of the internal audit programme/procedures and review at least annually the adequacy of effectiveness of the Company's internal audit function including ensuring it is staffed with persons with the relevant qualifications and experience and has appropriate standing within the Company;
- (viii) reviewing annually the scope and results of the audit and its cost effectiveness as well as independence and objective of the External Auditors;

## REPORT ON CORPORATE GOVERNANCE

- (ix) ensuring the co-ordination between the Internal and External Auditors and where more than one auditing firm or corporation is involved;
- (x) reviewing the appointment and re-appointment of the Internal and External Auditors and matters relating to resignation or dismissal of the auditors;
- (xi) reviewing Interested Person Transactions (if any) falling within the scope of Chapter 9 of the Listing Manual including reviewing and approving of proposed sale(s) of any units of property projects to the Company's interested persons and/or relatives of a Director, CEO or controlling shareholders;
- (xii) undertaking such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (xiii) generally undertaking such other functions and duties as may be required by the statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time.

The AC has the explicit powers to conduct or the authority to investigate any of the abovementioned matter. The AC has full access to and co-operation of Management and also full discretion to invite any Director or executive officer to attend its meetings or be provided with reasonable resources to enable it to discharge its functions properly.

The Company has put in place a Whistle-Blowing Policy which is in line with the Code and provides well-defined and accessible channels in the Group through which staff and any other persons may in confidence, raise their concerns and possible improprieties, fraudulent activities, malpractices within the Group in a responsible and effective manner in matters of financial reporting or other matters. The objective of the Policy is to ensure that arrangements and processes are in place, to facilitate independent investigation of such concerns and for appropriate follow-up action. There were no reports of whistle blowing received in FY2018.

The AC meets with the Group's internal auditor and external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group. In performing its functions for FY2018, the AC had:

- (i) held 4 meetings in the financial year with Management, internal auditors and the external auditors, and met once with the internal auditor and the external auditors without the presence of Management.
- (ii) conducted a review of the non-audit services provided by the external Auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external Auditors as well as the cost effectiveness of the audit before confirming their re-nomination. The following fees amounting to RMB1,494,000 were approved:

- Audit fees	RMB1,452,000
- Non-audit fees	RMB42,000

The external auditors had also confirmed their independence in this respect.

- (iii) recommended the re-appointment of Messrs BDO Limited, Certified Public Accountants, Hong Kong ("BDO-HK") and Messrs BDO LLP, Public Accountants and Chartered Accountants, Singapore ("BDO-SG") to act jointly and severally as the Company's Auditors.

BDO-HK is a member of BDO International Limited in Hong Kong and BDO-SG, which is registered with the Accounting and Corporate Regulatory Authority, is a member firm of BDO International Limited in Singapore.

The Board, with the concurrence of the AC, is of the view that the re-appointment of BDO-HK and BDO-SG to act jointly and severally as the Auditors has enabled the Company to comply with and meet the objective and spirit of Rule 712 of the Listing Manual of SGX-ST.

## REPORT ON CORPORATE GOVERNANCE

- (iv) confirmed that the Company had complied with Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the same auditing firm to audit, its foreign-incorporated subsidiaries. The Group's significant subsidiaries are disclosed under Note 15 to the Financial Statements on pages 99 to 103 of this Annual Report.

The External Auditors and/or the Internal Auditor and the Group Financial Controller also kept the AC abreast of changes to accounting standards and issues, if any, which have a direct impact on financial statements through updates and/or reports from time to time, where applicable and relevant. In addition, the AC is entitled to seek clarification from Management, the External Auditor and/or the Internal Auditor or independent professional advice, or attend relevant seminars, informative talks at the Company's expense from time to time to apprise themselves of accounting standards/financial updates.

### PRINCIPLE 13: INTERNAL AUDIT

The Group has an in-house internal audit team ("Internal Auditor") to carry out internal audits. The head of the internal audit team reports primarily and directly to the AC Chairman on all internal audit matters and findings, if any, from the audit process.

The Internal Auditor has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The AC will review the findings of the internal auditor and will ensure that the Group follows up on the auditors' recommendations. The AC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively. For FY2018, the AC is satisfied with the adequacy and effectiveness of the internal audit function.

### PRINCIPLE 14: SHAREHOLDER RIGHTS

### PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

In line with continuous disclosure obligations, the Group is committed to regular and proactive communication with its shareholders and facilitate the exercise of ownership rights by all shareholders. All major developments that impact the Group pursuant to the SGX-ST Listing Rules would be communicated to shareholders on a timely basis through:

- (i) SGXNET announcements on major developments of the Group;
- (ii) the Group's website at [www.pan-hong.com](http://www.pan-hong.com);
- (iii) financial statement containing a summary of the financial information and affairs of the Group for the quarterly and full year via SGXNET;
- (iv) annual reports or circulars that are sent to all shareholders; and
- (v) notices and explanatory notes for general meetings.

The Company does not practice selective disclosure, and in the event of any inadvertent disclosure is made to a select group, the Company will make the same disclosure publicly to all others as promptly as possible.

General meetings are the principal forum for dialogue with shareholders. Shareholders are encouraged to attend the AGM and Special General Meeting ("SGM") to ensure high level of accountability and to stay informed of the Group's strategy and goals. At the general meetings, shareholders are informed of the rules, including voting procedures, that govern general meetings and also given opportunity to share and communicate their views and seek clarification with the Board on issues relating to the Group's performance either informally or formally at or after the AGM.

## REPORT ON CORPORATE GOVERNANCE

Shareholders can vote at the general meetings in person or in absentia by appointing up to 2 proxies, through proxy forms which are sent together with the Annual Reports or circulars, as the case may be. The duly completed and signed proxy forms are required to be submitted to the Company's Share Transfer Agent's address 48 hours before the general meeting. The notices of the general meeting are dispatched to shareholders, together with explanatory notes at least 14 clear days before each meeting for ordinary resolutions and at least 21 clear days for special resolutions to be passed. The notice is also advertised in a national newspaper.

Each distinct issue is proposed as a separate resolution at the general meeting.

The Chairmen of the AC, RC and NC or their representatives, the Lead Independent Director and the external auditors will be available at the forthcoming AGM to attend to queries raised by shareholders. The Company Secretary(ies) record(s) minutes of every AGM and the minutes will be made available to the shareholders upon their request.

The Company conducts its votings in general meetings by poll where shareholders are accorded rights proportionate to the shareholding and all votes are counted. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be released via the SGXNET after the meeting. The Board believes that this will enhance transparency of the voting process and encourage greater shareholder participation.

The Company does not have a dedicated investor relations team. Other than communicating with Directors and Management at general meetings, the shareholders may contact the Company's Group Financial Controller on any investor relations matters at [panhong@pan-hong.com](mailto:panhong@pan-hong.com).

The Company does not have a policy on payments of dividends. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company endeavours to pay dividend and where dividends are not paid, the Company will disclose its reason(s) accordingly.

For FY2018, the Board has recommended the payment of a final dividend of S\$0.015 per share (tax not applicable), subject to the Shareholders' approval at the forthcoming Annual General Meeting to be held on 30 July 2018.

### DEALING IN SECURITIES

The Group has adopted a set of code of conduct to provide guidance to its officers regarding dealings in the Company's securities, in compliance with Rule 1207(19) of the SGX-ST Listing Manual. In accordance with the said rule, the officers of the Company shall not deal in the Company's securities on short-term consideration and shall not deal in the Company's securities during the period beginning 1 month and 2 weeks before the date of the announcement of the full year or quarterly results respectively and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group at all times.

### INTERESTED PERSON TRANSACTIONS ("IPT")

The Group had adopted an internal policy governing procedures for the identification, approval and monitoring of IPT. All IPTs are subject to review by the AC at its quarterly meetings.

It was noted that the IPTs that were transacted during the financial year under review were below the threshold limits as set out under Chapter 9 of the SGX-ST Listing Rules and no announcements or shareholders' approval were, therefore, required. There were also no IPTs of S\$100,000 or above for the financial year ended 31 March 2018:-

## REPORT ON CORPORATE GOVERNANCE

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)
Nil	Nil	Nil

The Group does not have a general mandate from shareholders for IPTs.

### MATERIAL CONTRACTS

Save for the Service Agreements entered into with the Executive Directors, there are no material contracts entered into by the Group involving the interests of the CEO, any director or controlling shareholder subsisting for the year ended 31 March 2018.

## **1. Business Review**

Pan Hong Holdings Group Limited (“Pan Hong” or “the Group”) is a niche property development firm headquartered in Hong Kong. The Group was listed on the Main Board of the Singapore Exchange Security Trading Limited on 20 September 2006.

While the Group is principally engaged in the business of property development, it has been exploring and seeking new opportunities to increase profitability. To diversify the Group’s business and better reflect the business nature and principal activity of the Company, the Group had changed its name to Pan Hong Holdings Group Limited from Pan Hong Property Group Limited with effect from 9 September 2015.

The Group strives to conduct its business in a transparent and honest manner. Pan Hong has zero-tolerance for corruption. All employees and other persons representing Pan Hong are prohibited from offering, accepting, paying or authorising any bribes or any form of corruption in any business interaction that involves Pan Hong, government officials, clients, contractors, suppliers, or employees. Internal control manual and project bidding management system were established against bribery, extortion, fraud and money laundering among the contractors and suppliers. Whistle-blowing policies were implemented to all stakeholders to report suspected misconduct, malpractices or fraudulent activities. Audit Committee and Executive Management shall be responsible for the investigation of the reported cases.

With the philosophy of emphasising on honesty to gain client’s trust, the Group endeavours to enhance its credibility and deliver the best service to its clients.

## **2. Scope and Framework**

### **Scope and Boundary**

This annual Sustainability Report covers sustainability progress from 1 April 2017 to 31 March 2018 and discusses Pan Hong’s achievements and performance towards Environmental, Social and Governance (“ESG”) issues on its operation in Hong Kong and Mainland China. In this report, workers of contractors and subcontractors and outsourced service workers are not regarded as employees of the Group.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and applied the GRI Reporting Principles for Report Content and Report Quality. The GRI Standards were selected because they offer a globally relevant framework that supports a standardised approach for businesses to report on critical sustainability issues, encourages a degree of transparency and consistency, and makes information useful to markets and society.

This report is published in accordance with the Singapore Exchange Limited (“SGX”) Sustainability Reporting requirements set out in Listing Rule 711A and 711B. Reference has also been made to the SGX Sustainability Reporting Guide of Practice Note 7.6. This report has not been externally assured, and the Group may consider seeking external assurance as the sustainability reporting process matures over time.

### **Contact Details**

We welcome any feedback and suggestions regarding this report. Please feel free to offer your comments and questions at [panhong@pan-hong.com](mailto:panhong@pan-hong.com).

### **3. Board Statement**

**Dear stakeholders,**

We are pleased to present Pan Hong's first annual Sustainability Report.

Since early nineties, the Group has seized the opportunity in the economic growth in Mainland China and started its Property development projects in Zhejiang Province. Over the years, we have developed numerous exemplary properties within the industry. The Group has consistently delivered projects of superior quality through innovative design, quality improvement, and sustainability governance.

We firmly believe that for companies to be successful, we must not only create financial value, but also social value by contributing to the environment and society. Given the rising concern in relation to climate change, product and service quality, and health and safety, we have placed a great emphasis on mitigating our eco-footprint, managing our product quality, and providing a safe working environment for our employees. Our sustainability strategy is to monitor and reduce our resource consumption, enhance and improve the quality of our products, nurture and inspire our employees, and ensure effective and ethical governance that stimulate sustainable economic growth. This report outlines our commitment to each sustainability area and shares our management approach.

Looking ahead, we will continue to refine and incorporate our sustainability disclosure through engaging our stakeholders to cope with the ever-changing market.

### **4. Stakeholder Engagement and Material Issues**

From amongst the broad spectrum of sustainability issues, Pan Hong prioritises the issues relevant to its stakeholders. The approach to materiality in this report is based on the recommendations of SGX Sustainability Reporting Guide of Practice Note 7.6.

During the reporting period, the Group's materiality assessment process evaluated global sustainability challenges in the context of their importance to Pan Hong. As part of this exercise, internal stakeholders, including the Group's functional heads, and third-party consultancy firms contributed their perspectives regarding sustainability reporting and the broader ESG issues relevant to our business. The assessment also considered ESG issues relevant to the industry and the Group's operating locations.

Relevant ESG issues were identified based on feedback from internal stakeholders, sustainability indices and the ESG reports of Pan Hong's local and international industry peers. The Group engaged its internal staff and a third-party consultancy firm on ESG issues affecting Pan Hong.

Pan Hong's senior executives validated the range of ESG issues being reported and assured the results of materiality assessment reflects important issues of its business. Issues were grouped as "high importance" and "low importance".

As a result, this report highlights ESG issues determined to be of importance to our business as listed below:

- Procurement Practices
- Anti-Corruption
- Energy
- Water
- Emissions
- Environmental Compliance
- Employment
- Occupational Health and Safety
- Training and Education
- Child Labour
- Forced and Compulsory Labour
- Socioeconomic Compliance

## **5. Corporate Governance**

A sound corporate governance is critical in managing Pan Hong's risks and opportunities. A combination of effective Board of Directors, practical policies and procedures helps to prevent corruption, employment of child labour and forced and compulsory labour, wastage of energy and water of the Group. The corporate governance is underpinned by the Group's vision, mission and values.

The Board of Directors provides oversight and strategic formulation to achieve the Group's vision and mission. The Board comprises Directors with core competencies in fields of accounting and finance, and sustainable development. For more information on Pan Hong's Board composition (Principle 2), nomination criteria (Principle 4) and the steps taken to mitigate conflict of interest (Principle 12), please refer to Pan Hong's Annual Report 2017-2018, Corporate Governance section.

## **6. Reducing Environmental Impacts**

Facing the challenge of climate change and resource scarcity, the Group has recognised the importance of environmental friendly business operation, and as part of the community, the Group is committed to supporting local environmental laws and regulations.

### **Emission Reduction**

In accordance with the Group's environmental policy and sustainable property development tenant, the Group is committed to continuously improving its preventive measures for contractors to manage the on-site emissions.

In addition, contractors are required to set up on-site preventive measures for emission control. The Group strives to reduce its Greenhouse Gas emission through reducing electricity consumption.

Noise generated from construction is carefully monitored and regularly assessed. The contractors are required to implement noise control measures and comply with relevant laws and regulations. Low-noise construction facilities are encouraged to use on site to further reduce the noise emission.

The Group strives to comply with the laws and regulations relating to construction waste through establishing policies to restrict constructions' on-site practices. The waste sorting process is monitored by Pan Hong to ensure that the recycling of waste is maximised.

## **Resource Conservation**

Energy consumption plays an important role in the Group's sustainability development. The Group strives to reduce its energy consumption through using energy saving materials and equipment.

The Group has also incorporated water conservation apparatus in its building design, including central water reuse facilities and water-saving toiletries to improve the water efficiency. Contractors are encouraged to implement appropriate measures and prevent freshwater wastage on site.

Pan Hong endeavours to enhance its energy consumption, water use, and air emission recording system, in order to monitor its environmental performance. The Group plans to disclose its environmental performance in the next sustainability report.

## **7. Investing Our People**

Employees are our internal stakeholders and are pivotal to our success. Pan Hong has established a labour union for certain of its employees in accordance with relevant laws and regulations.

### **Employment Practice and Labour Standard**

In order to meet the requirements of business development and give full play to wage incentive, Company Salary Management Policy and Labour Contract are formulated in accordance with national labour and personnel management policies such as Employment Contract Law of the People's Republic of China and Contract Law of the People's Republic of China. Pan Hong maintains beneficial plans for all employees such as contributions to pension, unemployment insurance, medical insurance, industrial injury insurance, birth insurance and housing pension.

Child and forced labour are strictly prohibited in the Group. Age confirmation and identification check-up shall be carried out by Human Resources Department before employment. Furthermore, whistleblowing mechanism was established to encourage employees to address the above concerns through confidential and appropriate reporting channel.

### **Training and Development**

Employees are the key contributors to the growth of our Group. The Group has provided subsidies for courses and examinations for our employees who wish to attend construction and property-related courses, such as civil engineering. In addition, the Group has established programmes to allow them to take no-paid leave or work part-time if they decide to further their education. Pan Hong also organises external training courses for all-level staff by encouraging them to take vocational courses, such as construction and finance conducted by the relevant government agencies, to help raise their levels of technical expertise.

### **Health and Safety**

The Group takes the responsibility of creating a safe workplace for its employees. According to relevant labour law, employees shall be notified of their working conditions by Pan Hong. In addition, for safety reasons, authorised permit is required to access the construction site.

Pan Hong enjoys harmonious working relationship with its employees and endeavours to improve its relationship. The Group praises the work of the employees and rewards their efforts through organising company trips. The Group will continue to nurture talents as a foundation for growth and actively monitor the market for opportunity expansion. There has not been any incidence of labour strikes or disputes which affected the Group's operations.

## **8. Assuring Our Service Quality**

With the spirit of “creating happiness for the clients, opportunities for the employees, value for the society and benefits for the enterprise” the Group strives to improve its service quality and deliver world-class products to its clients.

Pan Hong is committed to complying all the relevant laws and regulations during the entire property development process, including site selection and market research, land acquisition, project planning and design, construction work, sales of the property, delivery of property and after-sales service.

In order to ensure the quality of construction work, the Group evaluates and contracts with design and construction companies and suppliers with proven track records. Pan Hong also employs professional quality surveyors to oversee its quality management and control.

Internal guidelines, such as Project Bidding Management System and Materials or Equipment Procurement Management Methods, have been established and were strictly enforced to ensure control over documentation, record-keeping, internal audit, service standards and remedial actions.

The Group provides warranty to customers for the structure and certain fittings and facilities of its property developments in accordance with the relevant laws and regulations in Mainland China.

Pan Hong’s business is not materially dependent on any intellectual property such as intellectual property, patent, patent rights, licences and processes or other intangible assets. There were no complaints received on its products with regards to health and safety, advertising or any privacy matters relating to products and services provided and method of redress during the reporting year.

## **9. Contributing to the community**

The Group recognises the intimate relationship between property development and community economics, and is aware of its social responsibility. While property development provides job opportunities to the community, the Group emphasises on employee welfare, through providing sports facilities and various workshop.

The Group hopes that the caring spirit can be extended to the community. It not only signifies Pan Hong’s spirit of creating values to the society, but also demonstrates its charitable culture of selfless devotion.

## **10. Looking Forward**

Going forward, under the leadership of its visionary and experienced management, the Group will continue to nurture talents, provide quality services, and improve its environmental performance. As the sustainability reporting process matures, Pan Hong plans to disclose quantitative descriptions on environmental related metrics in its next Sustainability Report. Based on the Group’s economic, environmental and social impacts and performance, Pan Hong is prepared to face the challenges for the coming year.

## 11. GRI Content Index

Disclosure		Section/Page number(s)
<b>General Disclosures</b>		
<b>Organisational Profile</b>		
102-1	Name of the organisation	Business Review. Page 39
102-2	Activities, brands, products, and services	Business Review. Page 39
102-3	Location of headquarters	Business Review. Page 39
102-4	Location of operations	Business Review. Page 39
102-5	Ownership and legal form	
102-6	Market served	Business Review. Page 39
102-7	Scale of the organisation	Business Review. Page 39
102-8	Information on employee and other workers	Investing Our People. Page 42
102-9	Supply chain	Assuring Our Service Quality. Page 43
102-10	Significant changes to the organization and its supply chain	There were no significant changes during the reporting period.
102-11	Precautionary principle and approach	Pan Hong does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Pan Hong does not subscribe to or endorse any external initiatives.
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Board Statement. Page 40
102-15	Key impacts, risks, and opportunities	Stakeholder Engagement and Material Issues. Page 40
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behavior	Business Review. Page 39
102-17	Mechanisms for advice and concerns about ethics	Business Review. Page 39
<b>Governance</b>		
102-18	Governance structure	Report on Corporate Governance. Page 20 – 38
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Stakeholder Engagement and Material Issues. Page 40
102-41	Collective bargaining agreements	No collective bargaining agreements are in place.
102-42	Identify and selecting stakeholders	Stakeholder Engagement and Material Issues. Page 40
102-43	Approach to stakeholder engagement	Stakeholder Engagement and Material Issues. Page 40
102-44	Key topics and concerns raised	Stakeholder Engagement and Material Issues. Page 40

# SUSTAINABILITY REPORT

FOR PAN HONG HOLDINGS GROUP LIMITED

## Reporting Practice

102-45	Entities included in the consolidated financial statement	Scope and Framework. Page 39
102-46	Defining report content and topic boundaries	Scope and Framework. Page 39
102-47	List of material topics	Stakeholder Engagement and Material Issues. Page 40
102-48	Restatement of the information	Not applicable.
102-49	Changes in reporting	There were no changes in reporting.
102-50	Reporting period	Scope and Framework. Page 39
102-51	Date of most recent report (if any)	Not applicable.
102-52	Reporting cycle	Scope and Framework. Page 39
102-53	Contact of reporting in accordance with the GRI Standards	Scope and Framework. Page 39
102-54	Claims of reporting in accordance with the GRI Standards	Scope and Framework. Page 39
102-55	GRI content index	GRI Content Index. Page 44 – 47
102-56	External assurance	Scope and Framework. Page 39

## Topic-Specific Disclosure

### Economic

#### GRI 204: Procurement Practices

103-1	Explanation of the material topic and its boundary	Assuring Our Service Quality. Page 43
103-2	The management approach and its components	Assuring Our Service Quality. Page 43
103-3	Evaluation of the management approach	Assuring Our Service Quality. Page 43

#### GRI 205: Anti-Corruption

103-1	Explanation of the material topic and its boundary	Business Review. Page 39
103-2	The management approach and its components	Business Review. Page 39
103-3	Evaluation of the management approach	Business Review. Page 39
205-3	Confirmed incidents of corruption and actions taken	No confirmed incidents of corruption during the reporting period.

# SUSTAINABILITY REPORT

FOR PAN HONG HOLDINGS GROUP LIMITED

## Environment

### GRI 302: Energy

103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 41 – 42
103-2	The management approach and its components	Reducing Environmental Impacts. Page 41 – 42
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 41 – 42

### GRI 303: Water

103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 41 – 42
103-2	The management approach and its components	Reducing Environmental Impacts. Page 41 – 42
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 41 – 42

### GRI 305: Emissions

103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 41 – 42
103-2	The management approach and its components	Reducing Environmental Impacts. Page 41 – 42
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 41 – 42

### GRI 307: Environmental Compliance

103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 41 – 42
103-2	The management approach and its components	Reducing Environmental Impacts. Page 41 – 42
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 41 – 42

## Society

GRI 401: Employment		
103-1	Explanation of the material topic and its boundary	Investing Our People. Page 42
103-2	The management approach and its components	Investing Our People. Page 42
103-3	Evaluation of the management approach	Investing Our People. Page 42
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Investing Our People. Page 42
GRI 403: Occupational Health and Safety		
103-1	Explanation of the material topic and its boundary	Investing Our People. Page 42
103-2	The management approach and its components	Investing Our People. Page 42
103-3	Evaluation of the management approach	Investing Our People. Page 42
GRI 404: Training and Education		
103-1	Explanation of the material topic and its boundary	Investing Our People. Page 42
103-2	The management approach and its components	Investing Our People. Page 42
103-3	Evaluation of the management approach	Investing Our People. Page 42
GRI 408: Child Labour		
103-1	Explanation of the material topic and its boundary	Investing Our People. Page 42
103-2	The management approach and its components	Investing Our People. Page 42
103-3	Evaluation of the management approach	Investing Our People. Page 42
GRI 409: Forced and Compulsory Labour		
103-1	Explanation of the material topic and its boundary	Investing Our People. Page 42
103-2	The management approach and its components	Investing Our People. Page 42
103-3	Evaluation of the management approach	Investing Our People. Page 42
GRI 419: Socioeconomic Compliance		
103-1	Explanation of the material topic and its boundary	Financial Highlight. Page 4 – 6 Report on Corporate Governance. Page 20 – 38 Notes to the Financial Statement. Page 63 – 132
103-2	The management approach and its components	Financial Highlight. Page 4 – 6 Report on Corporate Governance. Page 20 – 38 Notes to the Financial Statement. Page 63 – 132
103-3	Evaluation of the management approach	Financial Highlight. Page 4 – 6 Report on Corporate Governance. Page 20 – 38 Notes to the Financial Statement. Page 63 – 132

## DIRECTORS' REPORT

The Directors present their report to the members together with the audited consolidated financial statements of Pan Hong Holdings Group Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the financial year ended 31 March 2018 ("FY2018").

### DIRECTORS

The Directors of the Company in office at the date of this report are:

Mr. Wong Lam Ping	(Chairman)
Mr. Sim Wee Leong	(Lead Independent Director)
Dr. Choo Kian Koon	(Independent Director)
Dr. Zheng Haibin	(Independent Director)
Mr. Chan Kin Sang	(Non-Executive and Non-Independent Director)
Ms. Wang Cuiping	(Executive Director)

In accordance with the Company's Bye-laws, Ms. Wang Cuiping, Mr. Chan Kin Seng, Mr. Sim Wee Leong and Dr. Zheng Haibin shall retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of director's shareholdings, the interests of Directors who held office at the end of the financial year are as follows:

	Direct interest		Deemed interest	
	At 01.04.2017	At 31.03.2018	At 01.04.2017	At 31.03.2018
<b>Ordinary shares</b>				
Wong Lam Ping ( <i>Executive Chairman</i> ) <sup>1</sup>	25,749,794	25,749,794	302,443,300	302,443,300
Sim Wee Leong ( <i>Lead Independent Director</i> )	—	—	—	—
Choo Kian Koon ( <i>Independent Director</i> )	—	—	—	—
Zheng Haibin ( <i>Independent Director</i> )	—	—	—	—
Chan Kin Sang ( <i>Non-Executive and Non-Independent Director</i> )	—	—	—	—
Wang Cuiping ( <i>Executive Director</i> )	689,900	689,900	—	—

1 Wong Lam Ping and Chan Heung Ling hold 52.0% and 48.0% of the issued share capital of Extra Good Enterprises Limited ("Extra Good") respectively. Chan Heung Ling is the spouse of Wong Lam Ping. As such, Wong Lam Ping is deemed interested in the 288,000,000 and 14,443,300 shares held by Extra Good and Chan Heung Ling in the capital of the Company respectively. Wong Lam Ping held 4,797,600 shares through Phillip Securities Pte Ltd.

### DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than in the normal course of business and except as disclosed in this report and the accompanying financial statements.

## DIRECTORS' REPORT

### SHARE OPTIONS

The Company does not have any share option scheme.

### AUDIT COMMITTEE, NOMINATING COMMITTEE AND REMUNERATION COMMITTEE

Details of the Company's Audit Committee ("AC"), Nominating Committee and Remuneration Committee are set out in the Corporate Governance Report under pages 25 to 36 of this annual report.

### COMPLIANCE WITH RULE 1207(10) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

The AC has reviewed the overall scope of both internal and external audits and the assistance given by Management to the internal and external auditors. The AC has also met once with the Company's internal and external auditors for FY2018 to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls without the presence of Management. Details on the duties and functions carried out by the AC, adequacy of the internal controls and internal audit during FY2018 are set out under pages 33 to 36 of the Report on Corporate Governance.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews carried out by Management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financing, operational, compliance and information technology risks, and risk management systems were adequate and effective as at 31 March 2018.

### MATERIAL CONTRACTS INVOLVING THE INTERESTS OF CHIEF EXECUTIVE OFFICER, EACH DIRECTOR OR CONTROLLING SHAREHOLDER

Save for the Service Agreements entered into with the Executive Directors, there are no material contracts entered into by the Group involving the interests of the CEO, any director or controlling shareholder subsisting for the year ended 31 March 2018.

### AUDITORS

The AC has recommended to the Board of Directors the re-appointment of BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore to act jointly and severally as the Company's auditors at the forthcoming annual general meeting.

BDO Limited and BDO LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Directors,

**Wong Lam Ping**  
*Director*

**Wong Cuiping**  
*Director*

29 June 2018

## DIRECTORS' OPINION STATEMENT

We, Wong Lam Ping and Wang Cuiping, being two of the directors of the Company, do hereby state that, in the opinion of the Directors:

- (i) the accompanying consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of financial position of the Company together with the notes thereto as set out on pages 56 to 132, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2018 and the results of the business, changes in equity and cash flows of the Group for the year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors,

**Wong Lam Ping**  
*Director*

**Wong Cuiping**  
*Director*

29 June 2018

## FINANCIAL SECTION

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56	Consolidated Statement of Comprehensive Income
58	Statements of Financial Position
60	Consolidated Statement of Cash Flows
62	Consolidated Statement of Changes in Equity
63	Notes to the Financial Statements

*Expressed in Renminbi ("RMB")*



# INDEPENDENT JOINT AUDITORS' REPORT



To the shareholders of Pan Hong Holdings Group Limited 汎港控股集團有限公司  
(incorporated in Bermuda with limited liability)

## OPINION

We have audited the financial statements of Pan Hong Holdings Group Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 56 to 132, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018;
- the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company give a true and fair view of the consolidated financial position of the Group and of the financial position of the Company as at 31 March 2018 and of the consolidated financial performance and consolidated cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore and the Hong Kong Institute of Certified Public Accountants Code of Ethics for Professional Accountants (“HKICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with these requirements, the ACRA Code and the HKICPA 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition

#### Key Audit Matter

The Group recognised revenue from sale of properties held for sale of RMB386.8 million and RMB134.1 million from the continuing operations and the discontinued operations respectively for the year ended 31 March 2018. Revenue from sale of properties held for sale is recognised upon the transfer of significant risks and rewards of ownership of these properties held for sale to the customers. The revenue recognition is dependent on the contractual arrangements for the sale and the laws in the relevant jurisdiction and may require significant audit effort and management judgement.

### Related Disclosures

*Refer to notes 3.6, 4.2, 6 and 10 of the accompanying financial statements*

# INDEPENDENT JOINT AUDITORS' REPORT

## KEY AUDIT MATTERS (Continued)

### Revenue recognition (Continued)

#### Audit Response

Our audit procedures included:

- Assessing the management's control over the point of time at which revenue from sales of properties held for sale is recognised by obtaining an understanding of the management's control process and testing the control on a sample basis; and
- Reading the terms stated in the sales and purchase agreements, on a sample basis, and obtaining evidence regarding the completion and the delivery of properties, on a sample basis, including checking to completion certificates and delivery notices, to assess whether the criteria for revenue recognition set out in note 3.6 to the consolidated financial statements have been met.

### Assessment of net realisable value of properties held for sale and properties held under development

#### Key Audit Matter

The Group has significant properties held for sale and properties held under development in the People's Republic of China (the "PRC"). Properties held for sale of RMB130.6 million and properties held under development of RMB788.6 million together represent the largest category of assets on the consolidated statement of financial position as at 31 March 2018.

Properties held for sale and properties held under development are stated at the lower of their costs and their net realisable values.

The determination of the estimated net realisable value of these properties held for sale and properties held under development is critically dependent upon the Group's estimation of future selling prices and costs to complete their projects.

#### Related Disclosures

*Refer to notes 3.10, 3.11, 4.1, 20 and 21 of the accompanying financial statements*

#### Audit Response

Our audit procedures included:

- Assessing the calculations of net realisable values of properties held for sale and properties held under development, and challenging the reasonableness and consistency of the assumptions used by management;
- Assessing the appropriateness of the Group's estimated selling prices, on a sample basis, by comparing them to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the development projects; and
- Assessing the appropriateness of construction costs and interest expenses estimated by the management, on a sample basis, based on underlying documentation and reasonableness.

# INDEPENDENT JOINT AUDITORS' REPORT

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the Company's 2018 annual report, but does not include the financial statements and our joint auditors' report thereon.

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

## RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

## INDEPENDENT JOINT AUDITORS' REPORT

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the 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 joint auditors' 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 financial statements, including the disclosures, and whether the 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 directors 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 directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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 partners and directors on the audit resulting in this independent joint auditors' report are Aw Vern Chun, Philip from BDO LLP, and Lam Hung Yun, Andrew from BDO Limited.

#### **BDO LLP**

Public Accountants and Chartered Accountants  
Singapore

29 June 2018

#### **BDO Limited**

Certified Public Accountants  
Hong Kong

29 June 2018

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	Group	
		2018 RMB'000	2017 RMB'000
<b>CONTINUING OPERATIONS</b>			
Revenue	6	386,842	708,918
Cost of sales		(331,186)	(578,188)
<b>Gross profit</b>		<b>55,656</b>	<b>130,730</b>
Other income and other gains and losses	6	11,348	2,904
Selling and distribution expenses		(9,397)	(9,417)
Administrative expenses		(18,789)	(14,739)
<b>Operating profit</b>		<b>38,818</b>	<b>109,478</b>
Finance costs	7	(2,475)	(2,251)
<b>Profit before income tax</b>	8	<b>36,343</b>	<b>107,227</b>
Income tax expense	9	(12,614)	(38,156)
<b>Profit for the year from continuing operations</b>		<b>23,729</b>	<b>69,071</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Profit for the year from discontinued operations</b>	10	<b>17,913</b>	<b>73,674</b>
<b>Profit for the year</b>		<b>41,642</b>	<b>142,745</b>
<b>Other comprehensive income, net of tax</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of financial statements of foreign operations		27,756	(6,887)
Reclassification adjustments for foreign operations discontinued during the year		(16,725)	-
<b>Other comprehensive income for the year</b>		<b>11,031</b>	<b>(6,887)</b>
<b>Total comprehensive income for the year</b>		<b>52,673</b>	<b>135,858</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company			
- from continuing operations		24,558	62,685
- from discontinued operations		20,292	38,252
		<b>44,850</b>	<b>100,937</b>
Non-controlling interests		(3,208)	41,808
		<b>41,642</b>	<b>142,745</b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	Group	
		2018 RMB'000	2017 RMB'000
<b>Total comprehensive income attributable to:</b>			
Owners of the Company			
- from continuing operations		<b>38,802</b>	56,365
- from discontinued operations		<b>13,438</b>	37,838
		<b>52,240</b>	94,203
Non-controlling interests		<b>433</b>	41,655
		<b>52,673</b>	135,858
<b>Earnings per share for profit attributable to the owners of the Company during the year (in RMB cents):</b>			
- Basic and diluted	12	<b>8.75</b>	19.70
<b>Earnings per share for profit attributable to the owners of the Company during the year from continuing operations (in RMB cents):</b>			
- Basic and diluted	12	<b>4.79</b>	12.24

# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

		Group		Company	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	37,038	76,533	-	-
Investment properties	14	20,841	557,247	-	-
Investments in subsidiaries	15	-	-	278,608	564,060
Interests in joint ventures	16	-	184,764	-	-
Interests in associates	17	-	5,673	-	-
Other financial assets	18	20,000	28,627	20,000	20,000
Financial assets at fair value through profit or loss	25	-	7,070	-	-
Long-term pledged deposits	28	-	5,500	-	-
Deferred tax assets	19	6,790	22,810	-	-
		84,669	888,224	298,608	584,060
<b>Current assets</b>					
Properties held under development	20	788,559	1,721,126	-	-
Properties held for sale	21	130,596	790,884	-	-
Accounts receivable	22	1,410	3,077	-	-
Prepayments and other receivables	23	157,168	405,928	113	116
Amounts due from subsidiaries	24	-	-	328,892	328,892
Financial assets at fair value through profit or loss	25	8,077	11,327	-	-
Held-to-maturity investments	26	90,303	-	-	-
Tax recoverable		7,765	25,647	-	-
Structured bank balances	27	50,000	120,100	-	-
Pledged deposits	28	109,629	373,488	-	-
Cash and bank balances	28	202,198	288,122	161	131
		1,545,705	3,739,699	329,166	329,139

# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

	Notes	Group		Company	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current liabilities</b>					
Accounts payable		7,462	92,172	-	-
Accruals, receipts in advance and other payables	29	797,951	1,090,430	899	276
Current tax liabilities		58,013	171,837	-	-
Amounts due to related parties	24	11,352	33,006	326,064	312,922
Bank loans	30	100,407	332,253	-	-
		975,185	1,719,698	326,963	313,198
<b>Net current assets</b>		570,520	2,020,001	2,203	15,941
<b>Total assets less current liabilities</b>		655,189	2,908,225	300,811	600,001
<b>Non-current liabilities</b>					
Bank loans	30	-	604,565	-	-
Deferred tax liabilities	19	3,748	83,697	-	-
		3,748	688,262	-	-
<b>Net assets</b>		651,441	2,219,963	300,811	600,001
<b>EQUITY</b>					
<b>Equity attributable to the Company's owners</b>					
Share capital	31	52,241	313,446	52,241	313,446
Reserves	32	593,544	1,319,212	248,570	286,555
		645,785	1,632,658	300,811	600,001
<b>Non-controlling interests</b>		5,656	587,305	-	-
<b>Total equity</b>		651,441	2,219,963	300,811	600,001

Wong Lam Ping  
Director

Wong Cui Ping  
Director

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	Group	
		2018 RMB'000	2017 RMB'000
<b>Cash flows from operating activities</b>			
Profit before income tax			
From continuing operations		<b>36,343</b>	107,227
From discontinued operations (including gain on reclassification of exchange reserve from equity to profit or loss in relation to foreign operations discontinued)		<b>58,027</b>	122,964
		<b>94,370</b>	230,191
Adjustments for:			
Interest income	6,10	<b>(22,087)</b>	(8,184)
Interest expense	7,10	<b>7,588</b>	8,139
Depreciation of property, plant and equipment	8,10	<b>3,677</b>	4,561
Amortisation of an intangible asset	10	<b>600</b>	-
Loss on disposal of property, plant and equipment	10	<b>91</b>	1
Share of results of an associate		<b>1,315</b>	414
Share of results of joint ventures		<b>501</b>	500
Net fair value loss/(gain) on financial assets at fair value through profit or loss	6,10	<b>2,643</b>	(629)
Fair value gain on investment properties	6,10	<b>(14,675)</b>	(31,174)
Impairment loss on other financial assets	10	<b>360</b>	-
Gain on reclassification of exchange reserve from equity to profit or loss in relation to foreign operations discontinued		<b>(16,725)</b>	-
Operating profit before working capital changes		<b>57,658</b>	203,819
(Increase)/decrease in properties held under development and properties held for sale		<b>(44,502)</b>	550,286
(Increase)/decrease in accounts and other receivables and prepayments		<b>(250,511)</b>	141,177
Increase in financial assets at fair value through profit or loss		-	(10,028)
Increase/(decrease) in accounts and other payables, accruals and receipts in advance		<b>192,658</b>	(326,318)
Cash (used in)/generated from operations		<b>(44,697)</b>	558,936
Interest received		<b>22,087</b>	8,184
Income taxes paid		<b>(34,487)</b>	(93,731)
<b>Net cash (used in)/generated from operating activities</b>		<b>(57,097)</b>	473,389

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Group	
	2018	2017
	RMB'000	RMB'000
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(15,727)	(746)
Proceeds from disposal of property, plant and equipment	51	1
Purchase of other financial assets	(21,890)	(8,627)
Proceeds from disposal of other financial assets	1,800	-
Purchase of held-to-maturity investments	(90,303)	-
Decrease/(increase) in structured bank balances	70,100	(120,100)
Decrease in pledged deposits with original maturity over three months	38,977	28,872
<i>Net cash used in investing activities</i>	<b>(16,992)</b>	<b>(100,600)</b>
<b>Cash flows from financing activities</b>		
Proceeds from shares issued to non-controlling interests by subsidiary	-	400
(Repayment to)/advance from a related company	(21,640)	2,758
Advance to a joint venture	(2)	-
Proceeds from new borrowings	732,893	398,918
Repayment of borrowings	(403,282)	(548,965)
Distributions to non-controlling interests by subsidiary	(5,887)	(39,578)
Net cash outflow on distribution <i>in specie</i>	(222,147)	-
Dividend paid	(25,202)	(62,257)
Interest paid	(65,679)	(58,361)
<i>Net cash used in financing activities</i>	<b>(10,946)</b>	<b>(307,085)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(85,035)</b>	<b>65,704</b>
<b>Effect of foreign exchange difference</b>	<b>(889)</b>	<b>665</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>288,122</b>	<b>221,753</b>
<b>Cash and cash equivalents at end of the year</b>	<b>202,198</b>	<b>288,122</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Equity attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Merger reserve	Statutory reserve	Capital reserve	Other reserve	Exchange reserve	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2016	313,446	(12,817)	203,250	(2,243)	88,385	3,838	87,128	(12,580)	932,305	1,600,712	584,828	2,185,540
<b>Transactions with owners</b>												
Dividend declared (Note 11(a))	-	-	-	-	-	-	-	-	(62,257)	(62,257)	-	(62,257)
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(39,578)	(39,578)
Capital contribution to a subsidiary	-	-	-	-	-	-	-	-	-	-	400	400
	-	-	-	-	-	-	-	-	(62,257)	(62,257)	(39,178)	(101,435)
Profit for the year	-	-	-	-	-	-	-	-	100,937	100,937	41,808	142,745
<b>Other comprehensive income</b>												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(6,734)	-	(6,734)	(153)	(6,887)
Total comprehensive income for the year	-	-	-	-	-	-	-	(6,734)	100,937	94,203	41,655	135,858
Transfer to statutory reserves	-	-	-	-	12,144	-	-	-	(12,144)	-	-	-
<b>At 31 March 2017 and 1 April 2017</b>	<b>313,446</b>	<b>(12,817)</b>	<b>203,250</b>	<b>(2,243)</b>	<b>100,529</b>	<b>3,838</b>	<b>87,128</b>	<b>(19,314)</b>	<b>958,841</b>	<b>1,632,658</b>	<b>587,305</b>	<b>2,219,963</b>
<b>Transactions with owners</b>												
Dividend declared (Note 11(a))	-	-	-	-	-	-	-	-	(25,202)	(25,202)	-	(25,202)
Dividend by way of distribution in specie of subsidiaries (Note 11(b))	-	-	-	-	-	-	-	-	(1,013,911)	(1,013,911)	(588,195)	(1,602,106)
Capital reduction	(261,205)	-	(203,250)	-	-	-	-	-	464,455	-	-	-
Transfer upon distribution in specie of subsidiaries	-	-	-	-	(70,236)	-	-	-	70,236	-	-	-
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5,887)	(5,887)
Capital contribution to a subsidiary	-	-	-	-	-	-	-	-	-	-	12,000	12,000
	(261,205)	-	(203,250)	-	(70,236)	-	-	-	(504,422)	(1,039,113)	(582,082)	(1,621,195)
Profit for the year	-	-	-	-	-	-	-	-	44,850	44,850	(3,208)	41,642
<b>Other comprehensive income</b>												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	24,115	-	24,115	3,641	27,756
Reclassification adjustments relating to distribution of subsidiaries during the year	-	-	-	-	-	-	-	(16,725)	-	(16,725)	-	(16,725)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,390</b>	<b>44,850</b>	<b>52,240</b>	<b>433</b>	<b>52,673</b>
Transfer to statutory reserves	-	-	-	-	5,075	-	-	-	(5,075)	-	-	-
<b>At 31 March 2018</b>	<b>52,241</b>	<b>(12,817)</b>	<b>-</b>	<b>(2,243)</b>	<b>35,368</b>	<b>3,838</b>	<b>87,128</b>	<b>(11,924)</b>	<b>494,194</b>	<b>645,785</b>	<b>5,656</b>	<b>651,441</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 1. GENERAL INFORMATION

Pan Hong Holdings Group Limited (the “Company”) was incorporated in Bermuda under the laws of Bermuda on 20 December 2005 as an exempted company with limited liability. The Company’s shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room 1214, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Hong Kong. The Company does not have a place of business in Singapore as at the date of this report.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries (together with the Company, known as the “Group”) are set out in note 15 to the financial statements. The Company’s holding company is Extra Good Enterprises Limited, a company incorporated in British Virgin Islands (“BVI”) of which Mr. Wong Lam Ping (“Mr. Wong”) and Ms. Chan Heung Ling (“Ms. Chan”) hold 52% and 48% of the issued share capital respectively.

As disclosed in notes 10, 11 and 40, pursuant to a resolution of the board of directors of the Company on 8 February 2018, the Company declared a dividend, satisfied by distribution *in specie* of approximately 73.05% of the issued capital of its subsidiary, Sino Harbour Holdings Group Limited (“Sino Harbour”) to the Company’s shareholders (the “Distribution”). The Distribution was made by way of allocating 3.51349 Sino Harbour shares for every share held by the Company’s shareholders. The Distribution by the Company was recognised at the carrying amount of the net assets of Sino Harbour and its subsidiaries (collectively referred to as “Sino Harbour Group”) as the directors of the Company considered that Sino Harbour was ultimately under the control of the same parties before and after the Distribution. Upon the Distribution, the Group held no interest in Sino Harbour Group and Sino Harbour Group ceased to be subsidiaries of the Company. Sino Harbour Group is engaged in property development in certain provinces of the PRC. Sino Harbour Group’s profit for the period from 1 April 2017 to 29 March 2018 (immediately before completion of the Distribution) was presented as discontinued operations in the consolidated financial statements and the comparative figures were restated accordingly. Details of the discontinued operations are set out in note 10.

The financial statements on pages 56 to 132 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (“IASB”), and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements also include the applicable disclosure requirements of the Listing Manual of the SGX-ST.

The consolidated financial statements of the Group and statement of financial position of the Company for the year ended 31 March 2018 were approved for issue by the board of directors (“Directors”) on 29 June 2018.

## 2. ADOPTION OF NEW OR AMENDED IFRSs

In current year, the Group has adopted, for the first time, the following new and revised standards, amendments and interpretations (the “new IFRSs”) issued by IASB and the International Financial Reporting Interpretations Committee (the “IFRIC”) of the IASB, which are relevant to the Group’s operations effective for its financial statements for the annual period beginning on 1 April 2017.

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IFRS 12, Disclosure of Interests in Other Entities

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

### Amendments to IAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the note to the consolidated statements of cash flows in note 41.

### Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

### Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of IFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to IFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with IFRS 5.

The following new and amended IFRSs have been issued but are not yet effective and have not been early adopted by the Group:

Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
IFRS 9	Financial Instruments <sup>1</sup>
Amendments to IFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
IFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendment to IFRS 15	Revenue from Contracts with Customers (Clarifications of IFRS 15) <sup>1</sup>
IFRS 16	Leases <sup>2</sup>
Amendments to IAS 28	Investments in Associates and Joint Ventures <sup>2</sup>
Amendment to IAS 40	Transfers of Investment Property <sup>1</sup>
IFRIC 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
IFRIC 23	Uncertainty Over Income Tax Treatments <sup>2</sup>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

Annual Improvements to IFRSs 2014- 2016 Cycle Amendments to IFRS 1 and IAS 28<sup>1</sup>

Annual Improvements to IFRSs 2015- 2017 Cycle Amendments to:  
IFRS 3 Business Combinations<sup>2</sup>  
IFRS 11 Joint Arrangements<sup>2</sup>  
IAS 12 Income Taxes<sup>2</sup>  
IAS 23 Borrowing Costs<sup>2</sup>

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 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred / removed. Early application of the amendments of the amendments continues to be permitted.

### IFRS 9 - Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

IFRS 9 includes new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

The Group has commenced its preliminary assessment of the classification and measurement of its financial assets and financial liabilities, and does not expect any significant changes to the classification and measurement of its financial assets and liabilities currently measured at amortised cost and fair value through profit or loss upon adoption of the standard.

The Group currently accounts for its investments in unlisted equity securities at cost less impairment, if any, as disclosed in note 18 to the financial statements. On the adoption of IFRS 9, the Group will be required to measure such investments in unlisted equity securities at fair value, with the difference between the previous carrying value and the fair value recognised in the opening balance of retained earnings. Subsequently all fair value changes will be recognised in other comprehensive income and will not be reclassified to profit or loss, even on disposal.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

### IFRS 9 - Financial Instruments (Continued)

#### Impairment

IFRS 9 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in IAS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on accounts receivables and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its accounts receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. The Group is still in the process of determining how it will estimate expected credit losses and the sources of forward-looking data.

### IFRS 15 - Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5-step approach to revenue recognition:

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

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Currently, sales of properties is recognised when the significant risks and rewards of ownership of the properties are transferred to the purchasers, 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 IFRS 15, revenue from the sale of properties will be recognised when control over the properties is transferred to the purchasers. 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 when 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

#### IFRS 15 - Revenue from Contracts with Customers (Continued)

The Group has assessed that the sale agreements used by the Group are standardised in a large extent and in the case of precompletion 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 IFRS 15, and accordingly, the criteria for recognising revenue over time are not met for the majority of the sales of properties. The Group expects to recognise majority of the sale of properties until the point in time at which the Group delivers the properties to the purchasers. The Group does not anticipate that the application of IFRS 15 will have a material impact on the timing of revenue recognised in the respective periods.

The Group pays commission to the sales agents when agreement for sale and purchase is signed with property buyer. Following the adoption of IFRS 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 expensed off the sales commission associated with obtaining agreement for sale and purchase with property buyer. Accordingly, the Group expects the recognition of an asset would result in an increase of opening retained profits as at 1 April 2018.

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

In assessing whether advance payments include a significant financing component, the Group has considered the difference between the length of time between the payment date and the date when the customers obtain control of the properties based on the typical arrangements entered into with the customers.

Where advance payment include a significant financing component, the transaction price will need to be adjusted to separately account for this component. Such adjustment will result in interest expense being recognised to reflect the effect of the financing benefit obtained from the customers during the period between the payment date and the date when the customers obtain control of the properties with a corresponding increase to revenue on sale of properties recognised when control of the completed property is transferred to the customer. However, the actual extent of impact of this new accounting policy will also depend on whether and by how much such interest expense can be capitalised as part of the cost of the properties under IAS 23, Borrowing costs. If the interest expense is to be capitalised until the construction work is completed, then this new accounting policy will not have a material impact on the Group's net profits during the construction period and gross profit from the sales of properties. The Group is in the process of assessing the implication of the significant financing component identified from the property sales on its capitalisation policy.

#### Amendments IFRS 15 – Revenue from Contracts with Customers (Clarifications to IFRS 15)

The amendments to IFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

#### Amendments to IAS 40, Investment Property – Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

### Amendments to IFRS 9 - Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

### IFRS 16 - Leases

IFRS 16, which upon the effective date will supersede IAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

The Group is currently assessing the impact of IFRS 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. Upon adoption of IFRS 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.

### IFRIC 22– Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

### IFRIC 23– Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of IAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

Save as discussed above, other than IFRS 9 and IFRS 15, all new standards, amendments to standards and interpretations issued but not effective are not likely to have significant impact on the Group's consolidated financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied all the years presented unless otherwise stated. The adoption of new or amended IFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 2.

#### 3.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties and financial assets at fair value through profit or loss which are stated at fair values. The measurement bases are fully described in the accounting policies below.

The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000"), except when otherwise indicated.

It should be noted that the accounting estimates and assumptions are used in preparing these financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### 3.2 Basis of consolidation and business combination

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

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss.

The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRS. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.2 Basis of consolidation and business combination (Continued)

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, (except for disposal of subsidiaries by way of distribution *in specie* by the Company, where the disposed subsidiaries are ultimately under control of the same parties before and after the distribution), the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Upon loss of control of a subsidiary through distribution of shares in the subsidiary to the shareholders of the Company where the subsidiary is ultimately controlled by the same parties both before and after the distribution, the Group (a) derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and (b) measures the distribution and the liability to distribute at the carrying amount of the net assets to be distributed.

### 3.3 Subsidiaries

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.4 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

#### 3.5 Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the joint ventures' net assets except that losses in excess of the Group's interest in the joint ventures are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its joint ventures are recognised only to the extent of unrelated investors' interests in joint ventures. The investor's share in the joint ventures' profits and losses resulting from these transactions is eliminated against the carrying value of the interests in joint ventures. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.5 Joint arrangements (Continued)

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

### 3.6 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties, rendering of services and the use by others of the Group's assets yielding interest, dividends, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue arising from sale of properties held for sale is recognised upon the transfer of the significant risks and rewards of ownership of these properties held for sale to the purchasers. Revenue is recognised upon the transfer of the legal title or the passing of possession to the buyer or a completion certificate by the relevant government authorities, whichever is the later. Deposits and instalments received from purchasers prior to the date of revenue recognition are included in current liabilities as receipts in advance.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease terms.

### 3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is calculated to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold interests in land	2.5%
Buildings	2.5%
Computers and other equipment	20.0%
Leasehold improvement	5.0%
Motor vehicles	20.0%

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.7 Property, plant and equipment (Continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

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

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### 3.8 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at fair value, unless it is still in the course of construction or development at the reporting date and its fair value cannot be reliably determined at that time.

Fair value is determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the consolidated statement of financial position reflect the prevailing market conditions at the reporting date.

Gain or loss arising from either a change in fair value or the sale of investment properties is included in profit or loss for the period in which it arises.

For a transfer from properties held under development and properties held for sale to investment properties that is carried at fair value, any difference between fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.9 Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses.

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Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

### 3.10 Properties held under development

Properties held under development which are held for future sale are included in current assets and comprise certain leasehold interest in land (note 3.12) and capitalised depreciation of certain property, plant and equipment (note 13) and aggregate cost of development, materials and supplies, wages, and other expenses ("development costs"). Properties held under development are stated at the lower of cost and net realisable value. Other expenses included (a) those costs that are incurred in bringing the properties held under development to their present location and condition; and (b) a systematic allocation of fixed overheads that are incurred on development of properties. Fixed overheads are indirect costs which remain relatively constant regardless of the size or volume of the development.

On completion, the properties are transferred to properties held for sale. Cost is calculated using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

Properties held under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

### 3.11 Properties held for sale

In case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of completed properties held for sale comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.12 Leases

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

Leases where substantially all the risks and rewards of ownership of assets remain within the lessor are accounted for as operating leases. Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentive received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the period in which they are incurred.

Leasehold interests in land are up-front payments to acquire the land use right. The payments are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis over the lease term.

Certain leasehold interests in land are included in properties held under development and properties held for sale (notes 20 and 21).

Certain properties leased out under operating leases are included in the statement of financial position as investment properties. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line-basis over the lease term. The recognition of rental income is set out in note 3.6.

### 3.13 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

### 3.14 Financial assets

The Group's accounting policies for financial assets are set out below.

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss
- loans and receivables
- held-to-maturity investments
- available-for-sale financial assets

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.14 Financial assets (Continued)

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date. All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the receivables/investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

#### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

The Group has designated contingent consideration arising from acquisition of associate as financial assets at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

At each reporting date, loans and receivables are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that come to the attention of the Group about one or more of the following loss events:

- (a) significant financial difficulty of the debtor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payments;
- (c) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- (d) significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtors; and
- (e) a significant or prolonged decline in the fair value of an investment in an equity instrument below its costs.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.14 Financial assets (Continued)

##### (ii) Loans and receivables (Continued)

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss 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 been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs. In relation to accounts and notes receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Except for accounts and other receivables, the carrying amount of loans and receivables is directly reduced by any identified amount of impairment. The carrying amount of account and other receivables is reduced through the use of an allowance account. When any part of account and other receivables is determined as uncollectible, it is written off against the allowance account.

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

##### (iii) Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.14 Financial assets (Continued)

(iv) Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

#### 3.15 Foreign currency translation

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.15 Foreign currency translation (Continued)

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

### 3.16 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, an associate and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under IAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.16 Accounting for income tax (Continued)

Changes in deferred tax assets or liabilities are recognised in the profit or loss or in other comprehensive income or directly in equity if they relate to items that are charged or credited directly to other comprehensive income or directly in equity.

- (a) the Group has the legally enforceable right to set off the recognised amounts;
- (b) current tax assets and current tax liabilities are presented in net if, and only if, and;
- (c) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) 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.

### 3.17 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less pledged deposits.

### 3.18 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment and investments in subsidiaries, associates and a joint venture to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.19 Financial liabilities

The Group's financial liabilities include accounts payable, accruals and other payables, amounts due to related parties and bank loans.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the group's policy on borrowing costs (note 3.22). A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where 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 the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

##### Bank loans

Bank loans are recognised initially at fair value, net of transaction cost incurred. Bank loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the loans using the effective interest method.

Bank loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### Amounts due to related parties, accounts payable, and accruals and other payables

Amounts due to related parties and accounts payables, and accruals and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

#### 3.20 Retirement benefit costs and short term employee benefits

##### Retirement benefits to employees

The Group operates a defined contribution scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

Pursuant to the relevant regulations in the People's Republic of China ("PRC"), the Group has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. The Group's contributions to the Scheme are expensed as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.20 Retirement benefit costs and short term employee benefits (Continued)

#### Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

### 3.21 Share capital, treasury shares and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Share premium includes any premiums received on the issuance of shares over the par value. Any transaction costs associated with the issuance of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

### 3.22 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other finance costs are expensed.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

### 3.23 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.24 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

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

### 3.25 Contingent asset

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

### 3.26 Provisions and contingent liabilities

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

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

### 3.27 Financial guarantees issued

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

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within account and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.27 Financial guarantees issued (Continued)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

### 3.28 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to financial statements. Interim dividends are simultaneously proposed and declared and consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

### 3.29 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

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

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group or the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Group or the Company.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of the employees of 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 key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.29 Related parties (Continued)

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Fair value of investment properties, and properties held for sale upon transfer to investment properties

Properties held under development and properties held for sale upon transfer to investment properties of the Group were stated at fair value in accordance with the accounting policy. The fair value of the investment properties is determined by a firm of independently qualified professional surveyors and the fair value of investment properties as at the reporting dates and properties held for sale upon transfer to investment properties are set out in notes 14 and 21 respectively. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. During the year ended 31 March 2018, properties held for sale with carrying amount of approximately RMB1,903,000 (2017: RMB14,278,000) were transferred to investment properties.

#### Impairment of accounts and other receivables

The Group's management assesses the collectability of accounts and other receivables. This estimate is based on the credit history of its customers or counterparties and the current market condition. Management reassesses the impairment loss at the reporting date. The carrying amounts of the Group's accounts and other receivables as at 31 March 2018 were approximately RMB1,410,000 (2017: RMB3,077,000) and RMB75,579,000 (2017: RMB97,786,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

### 4.1 Critical accounting estimates and assumptions (Continued)

#### Net realisable value of properties held for sale and properties held under development

Management determines the net realisable value of properties held for sale and properties held under development by using prevailing market data such as most recent sale transactions and valuation of the projects in its existing partially completed state of construction taking into account cost of work done, and cost to completion from gross development value assuming satisfactory completion.

These estimates require judgment as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions. The carrying amounts of the Group's properties held under development and properties held for sale as at 31 March 2018 were approximately RMB788,559,000 (2017: RMB1,721,126,000) and RMB130,596,000 (2017: RMB790,884,000) respectively.

### 4.2 Critical judgments in applying the entity's accounting policies

#### Revenue recognition

The Group has recognised revenue from sale of properties held for sale during the period as disclosed in note 6 to these financial statements. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyer requires examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer or a completion certificate is issued by the relevant government authorities. The Group believes that its recognition basis of sales as set out in note 3.6 is appropriate and is the current practice in the PRC.

#### Estimates of current tax and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgment is required in determining the amount of the provision of taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in periods in which such determination are made.

The Group is subject to Land Appreciation Tax ("LAT") in the PRC. However, the implementation and settlement of this tax varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to the understanding of the tax rules.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 5. SEGMENT INFORMATION

The Group is principally engaged in the business of property development in PRC. In prior years, the Group has identified the following reportable segments based on regions in which the properties are developed and sold:

- Northern Region, which including the Group's business in northern provinces or cities of the PRC (the country of domicile of the Company)
- Southern Region, which including the Group's business in southern provinces or cities of the PRC

During the year ended 31 March 2018, as discussed in note 1, Sino Harbour Group, which is engaged in the property development in the southern region, is considered as an operating segment and is presented as discontinued operations of the Group. Upon the discontinuation of the business in the southern region, management of the Group reassessed the Group's segment reporting and decided that for financial reporting purposes, the Group operates as a single operating segment.

The impact of the abovementioned change in the Group's reportable operating segments for the year ended 31 March 2017 is considered retrospectively and the Group's operating segment information is restated as if the Group had been operating as a single operating segment in that year. The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segment, have been identified as the executive directors that make strategic decisions.

The Group's revenue from external customers is derived from the PRC (country of domicile) and its non-current assets (other than deferred tax assets) are located in the PRC. There is no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 March 2018 and 2017.

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the asset.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 6. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

The Group's revenue, other income and other gains and losses from continuing operations recognised during the year are as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
<b>Continuing operations</b>		
<b>Revenue</b>		
Sale of properties held for sale	386,842	708,918
<b>Other income and other gains and losses</b>		
Exchange gain, net	91	98
Net fair value loss on financial assets at fair value through profit or loss	(3,263)	(1,663)
Net fair value gain on investment properties	348	632
Loss on disposal of property, plant and equipment	-	(1)
Interest income		
- from bank deposits	4,227	715
- from other receivables	4,609	1,600
- from structured bank balances	4,051	913
	12,887	3,228
Rental income	975	377
Sundry income	310	233
	11,348	2,904

### 7. FINANCE COSTS

		Group	
		2018	2017
	Notes	RMB'000	RMB'000
<b>Continuing operations</b>			
<b>Interest charges on financial liabilities stated at amortised cost:</b>			
Bank loans	(a)	3,624	6,475
Less: amount capitalised in properties held under development	(b)	(1,149)	(4,224)
		2,475	2,251

Notes:

- (a) The analysis shows the finance costs of bank loans, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the year ended 31 March 2018, the interests on bank loans contain a repayment on demand clause amounted to approximately RMB1,011,000 (2017: RMB356,000).
- (b) The weighted average capitalisation rate of borrowings was 2.14% (2017: 5.22%) per annum for the year.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 8. PROFIT BEFORE INCOME TAX

Profit before income tax from continuing operations is arrived at after charging/(crediting):

	Group	
	2018	2017
	RMB'000	RMB'000
<b>Continuing operations</b>		
Auditors' remuneration		
- Audit service	611	628
- Non-audit service	42	–
Depreciation of property, plant and equipment (note 13)	822	1,508
Cost of properties held for sale recognised as expense	316,942	555,146
Operating lease charge in respect of land and buildings	164	187
Less: amount capitalised in properties held under development	(39)	(54)
	125	133
Outgoings in respect of investment properties that generated rental income during the year	98	54
Employee costs, including directors' remuneration		
- Wages and salaries	9,746	10,269
- Retirement benefit scheme contributions – defined contribution plans	1,180	1,715
Less: amount capitalised in properties held under development	(1,689)	(2,696)
	9,237	9,288
Other taxes	2,871	3,038

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 9. INCOME TAX EXPENSE

	Notes	Group	
		2018 RMB'000	2017 RMB'000
<b>Current tax – PRC</b>			
- Enterprise income tax (“EIT”)	(a)	<b>13,212</b>	52,389
- LAT	(b)	<b>34,341</b>	29,533
<b>Overprovision in prior years</b>			
- EIT	(a)	-	(2,875)
- LAT	(b)	<b>(3,000)</b>	(1,749)
		<b>44,553</b>	77,298
<b>Deferred income tax (note 19)</b>		<b>8,175</b>	10,148
<b>Total income tax expense</b>		<b>52,728</b>	87,446

Notes:

- (a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2017: 25%).
- Under the law of the PRC on EIT, corporate withholding income tax is levied on the foreign investor for the dividends distributed out of the profits generated by the foreign investment enterprises. The Group's applicable withholding income tax rate is 5% (2017: 5%).
- (b) LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost and land use rights, borrowing costs, business tax and all property development expenditures. The tax is incurred upon transfer of property ownership. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

Reconciliation between income tax expense and accounting profit at the applicable tax rate is as follows:

	Group	
	2018 RMB'000	2017 RMB'000
Profit before income tax from continuing operations	36,343	107,227
Profit before income tax from discontinued operations	41,302	122,964
	<b>77,645</b>	<b>230,191</b>
Tax on profit before taxation, calculated at the rates applicable to profit in the jurisdiction concerned	19,411	57,548
Tax effect of non-taxable income	(2,657)	(4,443)
Tax effect of non-deductible expenses	9,697	10,309
Provision for LAT for the year	34,341	29,533
Over provision of EIT in prior years	-	(2,875)
Over provision of LAT in prior years	(3,000)	(1,749)
Tax effect on EIT of LAT payable	(7,835)	(6,946)
Effect of withholding income tax on distributable profits of the Group's PRC subsidiaries	2,771	6,069
<b>Total income tax expense</b>	<b>52,728</b>	<b>87,446</b>
Total income tax expense from continuing operations	12,614	38,156
Total income tax expense from discontinued operations	40,114	49,290

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 10. DISCONTINUED OPERATIONS

Pursuant to a resolution of the board of directors of the Company on 8 February 2018, the Company declared a dividend, satisfied by distribution *in specie* of approximately 73.05% of the issued capital of its subsidiary, Sino Harbour, to the Company's shareholders. The Distribution was made by way of allocating 3.51349 Sino Harbour ordinary shares for every share held by the Company's shareholders. Upon the completion of the Distribution on 29 March 2018, the Group held no interest in Sino Harbour Group and Sino Harbour Group ceased to be subsidiaries of the Company. Details of the Distribution have been disclosed in the announcement of the Company dated 8 February 2018.

The consolidated profit for the period from 1 April 2017 to 29 March 2018 from the discontinued operations is set out below. The comparative figures in the consolidated statement of comprehensive income have been re-presented to show Sino Harbour Group as discontinued operations.

	For the period from 1 April 2017 to 29 March 2018	For the year ended 31 March 2017
	RMB'000	RMB'000
<b>Discontinued operations</b>		
<b>Revenue</b>	<b>134,082</b>	693,512
Cost of sales	(89,321)	(559,414)
<b>Gross profit</b>	<b>44,761</b>	134,098
Other income and other gains and losses	62,996	53,929
Selling and distribution expenses	(10,776)	(17,920)
Administrative expenses	(48,750)	(40,341)
<b>Operating profit</b>	<b>48,231</b>	129,766
Finance costs	(5,113)	(5,888)
Share of results of joint ventures	(501)	(500)
Share of results of an associate	(1,315)	(414)
<b>Profit before income tax</b>	<b>41,302</b>	122,964
Income tax expense	(40,114)	(49,290)
<b>Profit after tax</b>	<b>1,188</b>	73,674
Gain on reclassification of exchange reserve from equity to profit or loss in relation to Sino Harbour Group	16,725	-
<b>Profit for the period/year</b>	<b>17,913</b>	73,674

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 10. DISCONTINUED OPERATIONS (Continued)

Profit before income tax from discontinued operations is arrived at after charging/(crediting):

	For the period from 1 April 2017 to 29 March 2018 RMB'000	For the year ended 31 March 2017 RMB'000
<b>Discontinued operations</b>		
Auditors' remuneration	841	805
Interest income	(9,200)	(4,956)
Interest charges on financial liabilities stated at amortised cost:		
- Bank loans	62,055	43,195
- Other loans	-	8,691
Less: amount capitalised in properties held under development	(56,942)	(45,998)
	5,113	5,888
Depreciation of property, plant and equipment (note 13)	2,855	3,053
Amortisation of an intangible asset	600	-
Loss on disposal of property, plant and equipment	91	-
Impairment loss on other financial assets	360	-
Cost of properties held for sale recognised as expense	86,330	526,658
Net fair value gain on investment properties	(14,327)	(30,542)
Net fair value gain on financial assets at fair value through profit or loss	(620)	(2,292)
Operating lease charge in respect of land and buildings	2,537	393
Outgoings in respect of investment properties that generated rental income during the period/year	329	278
Employee costs, including directors' remuneration		
- Wages and salaries	28,596	27,028
- Retirement benefit scheme contributions – defined contribution plans	3,086	3,076
Less: amount capitalised in properties held under development	(5,296)	(7,129)
	26,386	22,975

During the period from 1 April 2017 to 29 March 2018, Sino Harbour Group contributed to the Group's net operating cash outflows of approximately RMB238,054,000 (for the year ended 31 March 2017: inflows of approximately RMB99,739,000), paid approximately RMB42,184,000 (for the year ended 31 March 2017: received approximately RMB78,580,000) in respect of investing activities and received approximately RMB238,414,000 (for the year ended 31 March 2017: paid approximately RMB33,864,000) in respect of financing activities.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 11. DIVIDENDS AND DISTRIBUTION

#### (a) Dividends

	2018 RMB'000	2017 RMB'000
Final dividends paid in respect of prior year	25,202	37,552
Interim dividends paid in respect of current year	-	24,705
	25,202	62,257

On 25 May 2017, the directors declared a final dividend of Singapore Dollar (“S\$”) 0.01 per ordinary share (tax not applicable), amounting to approximately S\$5,123,000 (equivalent to RMB25,202,000) for the year ended 31 March 2017, and formal approval by the shareholders was obtained at the annual general meeting held on 28 July 2017.

On 25 May 2018, the directors proposed a first and final dividend of S\$0.015 per ordinary share (tax not applicable), amounting to approximately S\$7,685,000 (equivalent to RMB36,764,000) for the year ended 31 March 2018, and will be submitted for formal approval by the shareholders at the annual general meeting held on 30 July 2018.

#### (b) Distribution

On 8 February 2018, the Company declared a dividend, satisfied by distribution *in specie* of approximately 73.05% of the issued capital of its subsidiary, Sino Harbour to the Company's shareholders. The Distribution was made by way of allocating 3.51349 Sino Harbour shares for every share held by the Company's shareholders. The Distribution by the Company was recognised at the carrying amount of the net assets of Sino Harbour Group of approximately RMB1,602,106,000, of which approximately RMB1,013,911,000 was attributable to the owners of the Company as the directors of the Company considered that Sino Harbour Group was ultimately under the control of the same parties before and after the Distribution.

### 12. EARNINGS PER SHARE

For continuing and discontinued operations

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

	2018 RMB'000	2017 RMB'000
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to the owners of the Company)	44,850	100,937
	2018	2017
<b>Number of shares</b>		
Number of ordinary shares in issue during the year for the purpose of calculating basic earnings per share	512,311,024	512,311,024

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 12. EARNINGS PER SHARE (Continued)

#### For continuing operations

The calculation of basic earnings per share for continuing operations attributable to owners of the Company is based on the following data:

	2018 RMB'000	2017 RMB'000
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to the owners of the Company)	<b>44,850</b>	100,937
Less: profit for the year from discontinued operations	<b>(20,292)</b>	(38,252)
Earnings for the purpose of calculating basic earnings per share for continuing operations (profit for the year from continuing operations attributable to the owners of the Company)	<b>24,558</b>	62,685

The denominators used are the same as those detailed above for basic earnings per share for continuing and discontinued operations.

#### For discontinued operations

Basic earnings per share for discontinued operations for the year is RMB3.96 cents (2017: RMB7.47 cents), based on the profit for the year from discontinued operations of approximately RMB20,292,000 (2017: RMB38,252,000) and the denominators used are the same as those detailed above for basic earnings per share for continuing and discontinued operations.

No diluted earnings per share has been presented for the years ended 31 March 2018 and 2017 because there were no potential ordinary shares outstanding during the years.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 13. PROPERTY, PLANT AND EQUIPMENT

#### Group

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Leasehold interest in land RMB'000	Buildings RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At 1 April 2016</b>							
Cost	8,586	7,516	8,129	72,178	2,098	-	98,507
Accumulated depreciation	(5,101)	(5,815)	(2,907)	(2,729)	(1,706)	-	(18,258)
<b>Carrying amount</b>	<b>3,485</b>	<b>1,701</b>	<b>5,222</b>	<b>69,449</b>	<b>392</b>	<b>-</b>	<b>80,249</b>
<b>Year ended 31 March 2017</b>							
Opening carrying amount	3,485	1,701	5,222	69,449	392	-	80,249
Additions	279	320	-	-	147	-	746
Disposals	-	(2)	-	-	-	-	(2)
Depreciation	(1,680)	(665)	(232)	(2,522)	(83)	-	(5,182)
Exchange difference	1	47	461	178	35	-	722
<b>Closing carrying amount</b>	<b>2,085</b>	<b>1,401</b>	<b>5,451</b>	<b>67,105</b>	<b>491</b>	<b>-</b>	<b>76,533</b>
<b>At 31 March 2017</b>							
Cost	8,886	7,943	8,670	72,409	2,307	-	100,215
Accumulated depreciation	(6,801)	(6,542)	(3,219)	(5,304)	(1,816)	-	(23,682)
<b>Carrying amount</b>	<b>2,085</b>	<b>1,401</b>	<b>5,451</b>	<b>67,105</b>	<b>491</b>	<b>-</b>	<b>76,533</b>
<b>Year ended 31 March 2018</b>							
Opening carrying amount	2,085	1,401	5,451	67,105	491	-	76,533
Additions	3,151	1,479	-	-	11,097	-	15,727
Transfer from properties held for sale (note 21)	-	-	-	-	-	17,636	17,636
Disposals	(70)	(72)	-	-	-	-	(142)
Disposal of subsidiaries (note 40)	(3,557)	(1,201)	-	(52,221)	(10,718)	-	(67,697)
Depreciation	(992)	(704)	(214)	(1,507)	(533)	-	(3,950)
Exchange difference	(2)	(35)	(707)	(272)	(53)	-	(1,069)
<b>Closing carrying amount</b>	<b>615</b>	<b>868</b>	<b>4,530</b>	<b>13,105</b>	<b>284</b>	<b>17,636</b>	<b>37,038</b>
<b>At 31 March 2018</b>							
Cost	3,091	2,657	7,963	15,703	2,107	17,636	49,157
Accumulated depreciation	(2,476)	(1,789)	(3,433)	(2,598)	(1,823)	-	(12,119)
<b>Carrying amount</b>	<b>615</b>	<b>868</b>	<b>4,530</b>	<b>13,105</b>	<b>284</b>	<b>17,636</b>	<b>37,038</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

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

Buildings held by the Group are located in the PRC and Hong Kong. At 31 March 2018, the Group's certain buildings of approximately RMB6,158,000 (2017: RMB60,513,000) were pledged for bank loans (note 30) of the Group.

Depreciation charges for the financial year in the consolidated statement of comprehensive income is as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Depreciation for the year	3,950	5,182
Capitalised in properties held under development	(273)	(621)
	3,677	4,561
Less: attributable to discontinued operations		
Depreciation for the year	(3,108)	(3,276)
Capitalised in properties held under development	253	223
	(2,855)	(3,053)
Charged to the consolidated statement of comprehensive income - continuing operations	822	1,508

During the year ended 31 March 2018, properties held for sale with a carrying value of approximately RMB17,636,000 were transferred to owner-occupied properties due to change in use (note 21).

### 14. INVESTMENT PROPERTIES

	Group	
	2018	2017
	RMB'000	RMB'000
Carrying amount at beginning of the year	557,247	513,254
Transfer from properties held for sale	5,129	21,405
Net fair value gain credited to profit or loss	11,449	24,047
Disposals	-	(1,459)
Disposal of subsidiaries (note 40)	(552,984)	-
Carrying amount at end of the year	20,841	557,247

The investment properties included leasehold interest in land located in the PRC with lease terms expiring from 2032 to 2046 (2017: 2032 to 2047). As at 31 March 2018, the building ownership certificates of certain investment properties of the Group with carrying amount of approximately RMB190,000 (2017: RMB56,491,000) have not yet been obtained. In the opinion of the independent PRC legal advisors of the Group, the Group is entitled to obtain the building ownership certificates without legal impediment and is entitled to lawfully and validly use the investment properties during the year.

At 31 March 2017, investment properties of RMB484,039,000 were pledged against bank loans of the Group (note 30).

Certain investment properties are leased to non-related parties under operating lease (note 36).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 14. INVESTMENT PROPERTIES (Continued)

During the year ended 31 March 2018, properties held for sale with carrying amount of approximately RMB1,903,000 (2017: RMB14,278,000) (note 21) were transferred to investment properties as these properties were under operating lease arrangements with third parties during the year to earn rental, rather than for sale in the ordinary course of business of the Group. The fair value of these properties upon transfer to investment properties was approximately RMB5,129,000 (2017: RMB21,405,000).

During the year ended 31 March 2017, the Group entered into a sale and purchase agreement to sell certain investment properties at a consideration of approximately RMB1,459,000. The investment properties have been handed over to the customers during the year.

The total net fair value gain of investment properties of approximately RMB14,675,000 (2017: RMB31,174,000) was credited to profit or loss for the year ended 31 March 2018.

The fair value of the investment properties at 31 March 2018 and 2017 was revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent qualified professional surveyors who have the recent experience in the location and category of property being valued, which were based on the direct comparison approach, assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market while appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject properties; and the income approach by taking into account the net rental income derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	Group	
	2018	2017
	RMB'000	RMB'000
Opening balance (level 3 recurring fair value)	557,247	513,254
Transfer from properties held for sale	5,129	21,405
Disposals	-	(1,459)
Disposal of subsidiaries	(552,984)	-
Change in revaluation of investment properties	11,449	24,047
Closing balance (level 3 recurring fair value)	20,841	557,247
Unrealised gains or losses for the year included in profit or loss for assets held at 31 March	14,675	31,174

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 14. INVESTMENT PROPERTIES (Continued)

The following table shows the significant unobservable inputs used in the valuation model:

Properties	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Commercial offices in the PRC	3	Direct comparison approach	Discount on quality of the property	- (2017: 12.0%)	The higher the discount, the lower the fair value
Shop units in the PRC	3	Direct comparison approach	(Discount)/premium on quality of the property	(7.1)% (2017: (4.7)% - 3.9%)	The higher the discount, the lower the fair value; the higher the premium, the higher the fair value
Shop units in the PRC	3	Income approach	Term yield	5.0% - 7.5% (2017: 2.0% - 7.5%)	The higher the term yield, the lower the fair value
			Reversionary yield	5.5% - 7.5% (2017: 2.5% - 7.5%)	The higher the reversionary yield, the lower the fair value

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RMB'000	2017 RMB'000
Listed investments, at cost	-	285,452
Unlisted investments, at cost	278,608	278,608
	<b>278,608</b>	<b>564,060</b>

Particulars of principal subsidiaries, each of which is a limited liability company, were as follows:

			Effective percentage of equity interest held by the Company	
Name	Place of incorporation/ establishment	Principal activities and place of business		
Directly held:			2018	2017
Modernland Developments Limited	BVI	Investment holding, Hong Kong	100%	100%
Far East Construction Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Loerie Investments Limited	BVI	Investment holding, Hong Kong	100%	100%
Ho Hong (HK) Management Company Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Winner Champ Investment Limited (note (h))	Hong Kong	Investment holding, Hong Kong	100%	-
Sino Harbour (note (a))	Bermuda	Investment holding, Hong Kong	-	73.05%
Indirectly held:				
Pan Hong Investment Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Wiseidea Investments Limited	BVI	Investment holding, Hong Kong	100%	100%
All Grace Corporation Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Hangzhou Liyang Housing and Landing Development Co., Ltd.	PRC	Property development and investment holding, PRC	100%	100%
Huzhou Liyang Housing and Landing Development Co., Ltd.	PRC	Property development, PRC	100%	100%
Huzhou Luzhou Housing and Landing Development Co., Ltd.	PRC	Property development, PRC	100%	100%
Huzhou Delong Real Estate Co., Limited (“Huzhou Delong”) (note (j))	PRC	Property development, PRC	64%	64%

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 15. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of principal subsidiaries, each of which is a limited liability company, were as follows: (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of business	Effective percentage of equity interest held by the Company	
<b>Indirectly held (Continued):</b>			<b>2018</b>	<b>2017</b>
Huzhou Hongjin Market Construction & Development Co., Limited	PRC	Property development and investment, PRC	100%	100%
Modern China Holdings Limited	Hong Kong	Investment holding, PRC	100%	100%
Huzhou Pan Hong Runyuan Housing and Land Development Company Limited	PRC	Property development, PRC	100%	100%
Huzhou Runho Import and Export Trading Limited	PRC	General trading and consultancy services, PRC	100%	100%
Huzhou Pan Hong Runhe Property Development Limited	PRC	Property development, PRC	100%	100%
Hangzhou Runtai Business Services Company Limited (note (h))	PRC	Property consultation services, PRC	100%	-
Huzhou Pogang Hotel Company Limited (note (h))	PRC	Operating and managing hotel, PRC	100%	-
Sino Harbour Property Holdings Limited (note (a))	BVI	Investment holding, Hong Kong	-	73.05%
Sino Harbour Limited (note (a))	Hong Kong	Investment holding, Hong Kong	-	73.05%
Enrich H.K. Investments Limited (note (a))	Hong Kong	Investment holding, Hong Kong	-	73.05%
Sino Harbour Development Limited (note (a))	Hong Kong	Investment holding, Hong Kong	-	73.05%
Sino Africa Investment and Development Group Limited (note (a))	Hong Kong	Investment holding, Hong Kong	-	73.05%
Sino Harbour Development and Investment Limited (note (a))	Hong Kong	Dormant, Hong Kong	-	73.05%
Hangzhou Ganglian Real Estate Company Limited (note (a))	PRC	Property development, PRC	-	73.05%
Capital Manager Investment Limited (note (a))	BVI	Investment holding, Hong Kong	-	73.05%
Sino Harbour Bio Technology Holdings Group Limited (note (a))	BVI	Investment holding, Hong Kong	-	73.05%
Sino Harbour Bio Technology Limited (note (a))	Hong Kong	Dormant	-	73.05%

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 15. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of principal subsidiaries, each of which is a limited liability company, were as follows: (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of business	Effective percentage of equity interest held by the Company	
			2018	2017
Indirectly held (Continued):				
Sinotech International Holdings Limited (note (a))	BVI	Investment holding, Hong Kong	-	73.05%
Sinotech Digital Company Limited (note (a))	Hong Kong	Investment holding, Hong Kong	-	73.05%
Fuzhou Pan Hong Kai Xuan Property Development Co., Ltd. (note (a))	PRC	Property development, PRC	-	73.05%
Jiangxi Asia City Real Estate Development Co., Ltd. (note (a))	PRC	Property development, PRC	-	73.05%
Nanchang Liyang Decoration Limited ("Nanchang Liyang") (notes (a) and (b))	PRC	Interior and exterior decoration and furnishing, PRC	-	73.05%
Jiangxi Hanyun Incubator Limited (note (a))	PRC	Corporate and investment management, PRC	-	73.05%
Jiangxi Sino Harbour Technology Limited (note (a))	PRC	Investment holding, PRC	-	73.05%
Jiangxi Mengma Makerspace Technology Limited (note (a))	PRC	Dormant, PRC	-	73.05%
Zhejiang Sino Harbour Bio Technology Limited (note (a))	PRC	Dormant, PRC	-	73.05%
Jiangxi Hanxun Technology Limited ("Jiangxi Hanxun") (notes (a) and (e))	PRC	Wholesales & household product, PRC	-	58.44%
Shanghai Han Yun Information Technology Limited ("Shanghai Han Yun") (notes (a) and (e))	PRC	Information technology development, PRC	-	58.44%
Zhejiang IPS Pharmaceutical Technology Company Limited ("Zhejiang IPS") (notes (a) and (g))	PRC	Pharmaceutical inspection services, PRC	-	54.79%
Guangxi Gangrun Bio Technology Limited ("Guangxi Gangrun") (notes (a) and (f))	PRC	Dormant, PRC	-	43.83%
Nanchang Dingxun Co. Limited ("Nanchang Dingxun") (notes (a) and (c))	PRC	Property development, PRC	-	40.18%
Leping City Fenghuang Jincheng Industry Co., Ltd. ("Leping City") (notes (a) and (d))	PRC	Property development, PRC	-	37.26%

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 15. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes:

The financial statements of the above subsidiaries were audited by BDO Limited, Hong Kong, for statutory purpose and/or for the purpose of the Group consolidation of the Company.

- (a) These companies were collectively known as Sino Harbour Group. On 22 July 2011, the Group completed the spin-off of its residential and commercial property development business in the cities located in the Jiangxi Province into a separate company, Sino Harbour, whose shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited. Following the spin-off, the Group's shareholding in Sino Harbour Group decreased from 100% to 75%.

On 19 October 2015, Sino Harbour completed a placement of new shares to the public (the "Sino Harbour Placement"), under which the Group's shareholding in Sino Harbour Group decreased from 75% to 73.05%.

On 26 July 2016, Sino Harbour completed a bonus issue of one new share of Sino Harbour credited as fully paid, by way of capitalisation of an amount equal to the aggregate par value of the new shares from share premium account of Sino Harbour, for every one existing share held by the shareholders of Sino Harbour (the "Sino Harbour Bonus Issue"). Upon the completion of Sino Harbour Bonus Issue, the percentage of equity interests in Sino Harbour held by the Group remained unchanged at 73.05%.

As disclosed in Note 1, Sino Harbour Group ceased to be subsidiaries of the Company upon the Distribution of Sino Harbour's shares to the Company's shareholders on 29 March 2018 as dividend by way of distribution *in specie*.

- (b) On 19 June 2014, the 75% equity interests in Nanchang Liyang held by the Group were transferred to Nanchang Gangrui Trading Company Limited (南昌港潤貿易有限公司 "Nanchang Gangrui"), which held the interest on behalf of the Group under a trust agreement dated 19 June 2014. Nanchang Gangrui is wholly owned by the spouse of Mr. Wong Lui, a director of the Group's subsidiary. In the opinion of the independent PRC legal advisor of the Group, the trust agreement is legal and complies with PRC laws and regulations.
- (c) Nanchang Dingxun is 55% held by Sino Harbour Group. As at 31 March 2017, following the Sino Harbour Placement, the Group's indirect shareholding in Nanchang Dingxun decreased from 41.25% to 40.18%.
- (d) Leping City is 51% held by Sino Harbour Group. As at 31 March 2017, following the Sino Harbour Placement, the Group's indirect shareholding in Leping City decreased from 38.25% to 37.26%.
- (e) Shanghai Han Yun and Jiangxi Hanxun are 80% held by Sino Harbour Group. As at 31 March 2017, the Group's indirect shareholding in Shanghai Han Yun and Jiangxi Hanxun were 58.44%.
- (f) Guangxi Gangrun is 60% held by Sino Harbour Group. As at 31 March 2017, the Group's indirect shareholding in Guangxi Gangrun was 43.83%.
- (g) Zhejiang IPS is 75% held by Sino Harbour Group. As at 31 March 2017, the Group's indirect shareholding in Zhejiang IPS was 54.79%.
- (h) These companies were newly incorporated during the year ended 31 March 2018.
- (i) 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 THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 15. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

- (j) Set out below are the summarised financial information for Huzhou Delong, a subsidiary that has non-controlling interests which is material to the Group, before any elimination.

### Huzhou Delong

#### Summarised statement of financial position

	2018 RMB'000	2017 RMB'000
<b>Current</b>		
Assets	108,511	109,813
Liabilities	(92,799)	(91,798)
<b>Total net current assets and net assets</b>	<b>15,712</b>	<b>18,015</b>
<b>Accumulated non-controlling interests</b>	<b>5,656</b>	<b>6,485</b>

#### Summarised statement of comprehensive income

	2018 RMB'000	2017 RMB'000
Revenue	-	-
Loss before income tax	(2,303)	(1)
<b>Total comprehensive income</b>	<b>(2,303)</b>	<b>(1)</b>
Total comprehensive income allocated to non-controlling interests	(829)	(1)
Dividends paid to non-controlling interests	-	-

#### Summarised statement of cash flows

	2018 RMB'000	2017 RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from/(used in) operations	404	(2)
Interest received	2	-
Net cash generated from/(used in) operating activities	406	(2)
Net increase/(decrease) in cash and cash equivalents	406	(2)
Cash and cash equivalents at beginning of the year	9	11
<b>Cash and cash equivalent at the end of the year</b>	<b>415</b>	<b>9</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 16. INTERESTS IN JOINT VENTURES

	Group	
	2018	2017
	RMB'000	RMB'000
Unlisted investment, at cost	-	50,000
Share of post-acquisition losses	-	(5,668)
		44,332
Amount due from a joint venture	-	140,432
	-	184,764

Under IFRS 11 the joint arrangements are classified as joint ventures and have been included in the consolidated financial statements using the equity method. At 31 March 2017, the Group had interest in the following joint ventures:

Company name	Place of establishment	Principal activities and place of operation	Paid-up registered capital	Percentage of equity interest held by the Group
Jiangxi Ganghong Investment Co. Ltd. ("Jiangxi Ganghong")	PRC	Property development, PRC	RMB100,000,000	50%
Sino Grace Holdings Limited ("Sino Grace")	Hong Kong	General trading, HK	Hong Kong Dollars ("HK\$")2	50%

Upon the disposal of Sino Harbour Group (note 40) which held equity interests in Jiangxi Ganghong and Sino Grace, Jiangxi Ganghong and Sino Grace ceased to be joint ventures of the Group.

The aggregate amounts relating to Jiangxi Ganghong, which is considered as a material joint venture of the Group, that have been included in the Group's consolidated financial statements as extracted from relating financial statements of Jiangxi Ganghong are set out below:

	2017 RMB'000
<b>Results for the year ended 31 March</b>	
Income	-
Expenses	(1,000)
Loss for the year	(1,000)
Group's share of result of a joint venture for the year	(500)
Group's accumulated share of results of a joint venture	(5,668)
<b>Assets and liabilities as at 31 March</b>	
Non-current assets	-
Current assets	278,693
Current liabilities	(190,029)
	88,664
Group's share of net assets of a joint venture	44,332
Current financial liabilities (excluding trade and other payables and provisions)	190,029

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 16. INTERESTS IN JOINT VENTURES (Continued)

The following table illustrates the aggregate financial information of the Group's joint venture that is not individually material:

	2017 RMB'000
Share of loss and total comprehensive income of a joint venture for the year	- *
Aggregate carrying amount of the Group's interest in a joint venture	- *

\* Represent the amount less than RMB1,000.

At 31 March 2017, certain properties held under development of Jiangxi Ganghong amounting to approximately RMB146,253,000 were pledged against bank loans of the ultimate holding company and a fellow subsidiary of Jiangxi HongKeLong Industrial Limited (江西洪客隆實業有限公司) ("Jiangxi HongKeLong") which held the remaining 50% equity interest in Jiangxi Ganghong.

Except for above, at 31 March 2017, neither contingent liabilities nor capital commitments are shared by the Group.

Amount due from Jiangxi Ganghong is non-trade, unsecured, interest free and is not expected to be repaid within 12 months from the reporting date, and is effectively classified as deemed investment.

### 17. INTERESTS IN ASSOCIATES

	Group	
	2018	2017
	RMB'000	RMB'000
Share of net assets	-	5,515
Goodwill on acquisition	-	158
	-	5,673

Details of the associates are as follows:

Name	Place of establishment	Principal activities and place of operation	Paid-up registered capital	Percentage of equity interest held by the Group
Zhejiang Davi Pharmaceutical Co., Ltd. ("Zhejiang Davi") (note (a))	PRC	Research and development, manufacturing and sale of pharmaceutical products, PRC	United Dollars ("US\$") 6,189,000 (equivalent to RMB45,592,000)	- (2017: 30%)
Shenzhen Qianhai Guang Shang Xin He Financial Holdings Company Limited ("Shenzhen Qianhai") (note (b))	PRC	Dormant, PRC	Nil	30% (2017: 30%)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 17. INTERESTS IN ASSOCIATES (Continued)

Notes:

- (a) In November 2015, the Group entered into a subscription agreement (“Subscription Agreement”) to subscribe for 30% equity interests of the enlarged registered capital of Zhejiang Davi. Zhejiang Davi was wholly owned by a third party, Smartway Trading Limited (“Smartway”).

The Group had paid up 30% equity interests of Zhejiang Davi with a consideration of RMB11,273,000 in accordance with the Subscription Agreement by cash during the year ended 31 March 2016.

Under the Subscription Agreement, Smartway would irrevocably guarantee the Group that the net profit after income tax expense per annum from Zhejiang Davi should not be less than RMB7,000,000, RMB9,000,000, or RMB11,000,000 for each of the two year ended 31 December 2016 and 2017, and year ending 31 December 2018 (collectively “Guaranteed Periods”) respectively; or the total net profit after income tax expense should not be less than RMB27,000,000 for the Guaranteed Periods (collectively “Guaranteed Profit”). Contingent consideration represented amount to be received by the Group if Zhejiang Davi fails to meet the Guaranteed Profit and were recognised as financial assets at fair value through profit or loss during the year. At the acquisition date, the fair value of the contingent consideration arrangement was estimated by an independent valuer. The fair value of the contingent consideration on the acquisition date and as at 31 March 2017 was approximately RMB6,625,000 (note 25).

The Group was also granted the right to resell entire equity interests to Smartway at a consideration equivalent to the investment cost paid by the Group plus a 13% premium amount per annum and net of any dividend received during the Guaranteed Periods. The fair value of the right to resell on the acquisition date and as at 31 March 2017 was estimated by an independent valuer as approximately RMB445,000 (note 25).

As at 31 March 2017, the Group had a commitment of approximately RMB9,127,000 in relation to capital injection to Zhejiang Davi.

As at 31 March 2017, the Group provided corporate guarantees for bank borrowings amounted to for RMB3,500,000 of a related party for Zhejiang Davi.

Upon the disposal of Sino Harbour Group (note 40) which held 30% equity interests of Zhejiang Davi, Zhejiang Davi ceased to be an associate of the Group.

- (b) In June 2015, the Group established Shenzhen Qianhai with Jieyang Airport Economic Zone Xing Yu Investment Company Limited (揭阳空港经济区兴宇投资有限公司)(“Xing Yu”), Qinghai Da Hai Engineering & Construction Company Limited (青海大海工程建设有限公司)(“Qinghai Da Hai”), Jieyang Airport Zone Tai Xing Wine Company Limited (揭阳空港经济区台兴酒业有限公司)(“Jieyang Tai Xing”) and Shenzhen Jia Qi Da Investment Consultants Company Limited (深圳市佳其达投资咨询有限公司) (“Shenzhen Jia Qi Da”).

The shareholdings held by the Group, Xing Yu, Qinghai Da Hai, Jieyang Tai Xing and Shenzhen Jia Qi Da are 30%, 30%, 20%, 10% and 10% respectively.

Pursuant to the Shenzhen Qianhai’s Memorandum and Articles of Association, the Group will be injecting a capital of RMB45 million (the “Consideration”) to invest 30% equity stake in Shenzhen Qianhai as its pro rata share of the registered capital. The Consideration will be satisfied by payment of cash. The Group will be paying RMB9 million as partial payment of the Consideration, and shall pay the remaining balance of RMB36 million within two years from the date of incorporation of Shenzhen Qianhai.

The registered capital of Shenzhen Qianhai remains unpaid by the Group, Xing Yu, Qinghai Da Hai, Jieyang Tai Xing and Shenzhen Jia Qi Da up to the date of this report.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 17. INTERESTS IN ASSOCIATES (Continued)

The aggregate amounts relating to Zhejiang Davi, which is considered as a material associate of the Group, that have been included in the Group's consolidated financial statements as extracted from relating financial statements of the Zhejiang Davi are set out below:

	2017 RMB'000
<b>Assets and liabilities as at 31 March</b>	
Current assets	57,131
Non-current assets	28,752
Current liabilities	(67,501)
Non-current liabilities	-
Net assets	18,382
<b>Reconciliation to the Group's interest in an associate:</b>	
Proportion of the Group's ownership	30%
Group's share of net assets of an associate	5,515
Goodwill on acquisition	158
Carrying amount of the investment	5,673
<b>Other disclosures</b>	
Revenue	20,607
Loss and total comprehensive income	(1,381)

The following table illustrates the aggregate financial information of the Group's associate that is not material:

	2018 RMB'000	2017 RMB'000
Share of the associate's profit and comprehensive income for the year ended 31 March	-	-
Aggregate carrying amount of the Group's interests in an associate as at 31 March	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 18. OTHER FINANCIAL ASSETS

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Available-for-sale investments</b>				
Unlisted equity investments,				
- at cost	<b>20,000</b>	28,627	<b>20,000</b>	20,000

Within other financial assets, balance of approximately RMB20,000,000 (2017: RMB20,000,000) represented carrying amount of 10% equity interest ("Investment") in Zhejiang Gene Stem Cell Biotech Company Limited ("Zhejiang GSCB") acquired by the Group. The director of the Company, Ms. Wang Cuiping is holding the Investment in trust for the Company pursuant to a declaration of trust. Zhejiang GSCB engages in the business of commercialisation of stem cell technology in the PRC. In the opinion of the independent PRC legal advisor of the Group, the trust agreement is legal and complies with PRC laws and regulations.

The unlisted investments of the Group are designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

These investments do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The directors have assessed the financial assets for objective evidence of impairment and concluded that no impairment loss needs to be made.

### 19. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using principal taxation rates of 25% for the year (2017: 25%). The movement on the deferred tax assets/(liabilities) is as follows:

	Group		
	Deferred tax assets in respect of provision for LAT	Deferred tax liabilities in respect of fair value change of investment properties	Total
	RMB'000	RMB'000	RMB'000
At 1 April 2016	25,164	(75,903)	(50,739)
Deferred tax charged to profit or loss (note 9)	(2,354)	(7,794)	(10,148)
At 31 March 2017 and 1 April 2017	<b>22,810</b>	<b>(83,697)</b>	<b>(60,887)</b>
Deferred tax charged to profit or loss (note 9)	(4,506)	(3,669)	(8,175)
Disposal of subsidiaries (note 40)	(11,514)	83,618	72,104
<b>At 31 March 2018</b>	<b>6,790</b>	<b>(3,748)</b>	<b>3,042</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 19. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has no material unrecognised tax losses to carry forward against future taxable income at 31 March 2017 and 2018.

Withholding rate of 5% or 10% is imposed on dividends distributed to foreign investors. At 31 March 2018, deferred tax liabilities amounted to approximately RMB8,747,000 (2017: RMB30,082,000) in respect of aggregate amount of temporary difference of approximately RMB174,948,000 (2017: RMB601,648,000) associated with undistributed earnings of subsidiaries have not been recognised. No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these subsidiaries and it is probably that such differences will not be released in the foreseeable future.

### 20. PROPERTIES HELD UNDER DEVELOPMENT

	Group	
	2018	2017
	RMB'000	RMB'000
Leasehold interests in land	437,837	1,139,102
Development costs	349,573	449,611
Finance costs capitalised	1,149	132,413
	788,559	1,721,126

At 31 March 2018, properties held under development amounting to approximately RMB788,559,000 (2017: RMB1,582,789,000) were not scheduled to be sold within twelve months.

Leasehold interests in land are located in the PRC and have lease terms expiring from 2049 to 2085 (2017: 2044 to 2079).

At 31 March 2017, properties held under development of approximately RMB809,791,000 were pledged against bank loans of the Group (note 30).

### 21. PROPERTIES HELD FOR SALE

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2046 to 2080 (2017: 2043 to 2080). At 31 March 2018, the carrying value of the operating lease up-front payments on the leasehold interests in land amounted to approximately RMB36,972,000 (2017: RMB167,519,000).

During the year ended 31 March 2018, properties held for sale with carrying value of RMB1,903,000 (2017: RMB14,278,000) were transferred to investment properties as these properties were under operating lease arrangements with third parties during the year to earn rental (note 14).

During the year ended 31 March 2018, properties held for sale with a carrying value of approximately RMB17,636,000 were transferred to owner-occupied properties due to change in use (note 13).

As at 31 March 2017, certain properties held for sale of approximately RMB162,556,000 were pledged against bank loans of the Group (note 30).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 22. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable that was neither individually nor collectively considered to be impaired is as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Not past due	-	2,093
Past due and less than one year	-	890
Past due and more than one year	1,410	94
	1,410	3,077

Receivables that were neither past due nor impaired relate to a wide range of buyers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent buyers. Based on past experience, the directors considered that no impairment allowance is required as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Up to the date of this report, accounts receivable of the Group were fully settled by buyers.

### 23. PREPAYMENTS AND OTHER RECEIVABLES

	Notes	Group		Company	
		2018	2017	2018	2017
		RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	(a)	81,589	308,142	113	116
Other receivables	(b)	75,579	97,786	-	-
		157,168	405,928	113	116

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 23. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes:

- (a) On 29 December 2014, Huzhou Economic – Technological Development Area Management Committee (湖州经济技术开发区管理委员会) and the Group signed a Memorandum of Agreement (“Memorandum”) which offered the Group an opportunity to bid for a designed parcel of land located in Huzhou and a deposit was paid to the Bureau of Land Resources of Huzhou (“the Bureau”/湖州市國土資源局) of RMB211,000,000 to secure a land grant contract entered into in July 2015 for the acquisition of land use rights of the land in Huzhou, the PRC and included in prepayment as at 31 March 2017. The land use rights was obtained by the Group on 10 April 2017.

As at 31 March 2018, prepayment included advances of RMB57,131,000 (2017: RMB62,547,000) made to contractors for purchase of construction materials.

- (b) At 31 March 2018, other receivables of the Group included an amount of approximately RMB500,000 (2017: RMB1,280,000), which was due from Zhejiang Davi. The amount was unsecured, non-interest bearing and repayable on demand.

At 31 March 2018, other receivables of the Group of approximately RMB34,000,000 (2017: RMB31,029,000) were unsecured, interest-bearing at interest rates ranging from 8% to 16% (2017: 5% to 10%) and repayable within one year or on demand. The remaining balances were unsecured, non-interest bearing and repayable on demand.

None of the other receivables are either past due or impaired. The other receivables related to counterparties for which there were no recent history of default.

The carrying amounts of other receivables approximate their fair values as these financial assets which are measured at amortised cost, are expected to be repaid within a short time scale, such that the time value of money is not significant.

### 24. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Amounts due from subsidiaries</b>	-	-	<b>328,892</b>	328,892
<b>Amounts due to:</b>				
- subsidiaries	-	-	<b>(326,064)</b>	(312,922)
- a related company	<b>(136)</b>	(150)	-	-
- non-controlling interests	<b>(11,216)</b>	(32,856)	-	-
	<b>(11,352)</b>	(33,006)	<b>(326,064)</b>	(312,922)

Amounts due from/(to) related parties were unsecured, non-interest bearing and repayable on demand.

As at 31 March 2018 and 2017, amount due to a related company comprised balances due to Pan Hong Company Limited, in which Mr. Wong, the controlling shareholder and a director of the Company is a beneficial owner.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2018	2017
	RMB'000	RMB'000
<b>Non-current</b>		
Contingent consideration in relation to acquisition of an associate (note 17(a))	-	6,625
Derivative financial instruments		
- unlisted put option (note 17(a))	-	445
	-	7,070
<b>Current</b>		
Listed equity securities held for trading are as follows (note):		
- Hong Kong	34	47
- the PRC	8,043	11,280
	8,077	11,327
	8,077	18,397

Note:

The fair value of the Group's investment in listed securities has been determined by reference to their quoted bid prices at the end of reporting period.

For more detailed information in relation to the fair value measurement of the items above, please refer to note 38(vii).

### 26. HELD-TO-MATURITY INVESTMENTS

As at 31 March 2018, the Group had certain held-to-maturity investments which bore interest rates ranging from 4.3% to 4.6% per annum and had maturity up to one month.

### 27. STRUCTURED BANK BALANCES

As at 31 March 2018 and 2017, the structured bank balances, denominated in RMB, were interest-bearing and not quoted in an active market. The principal and interest earned are linked to the investments associated with equity instruments, debt instruments including corporate bonds, and money market instruments of certain banks in the PRC. The principal amount together with the interest would be returned to the Group anytime upon request or within one month. The structured bank balances carried an effective interest rate ranging from 2.0% to 3.6% (2017: 2.0% to 3.7%) per annum and all of the balances were subsequently withdrawn up to the date of this report.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 28. PLEDGED DEPOSITS AND CASH AND BANK BALANCES

	Notes	Group		Company	
		2018	2017	2018	2017
		RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank deposits		<b>311,827</b>	667,110	<b>161</b>	131
Less:					
Deposits pledged against banking facilities granted to the mortgagees	(a)	<b>(6,129)</b>	(116,874)	-	-
Deposits pledged for bank loans	(b)	<b>(103,500)</b>	(262,114)	-	-
Cash and cash equivalents for the purpose of the consolidated statement of cash flows		<b>202,198</b>	288,122	<b>161</b>	131

Notes:

- (a) The deposits were pledged to certain banks as security in the PRC as detailed in note 37(i). These banks provided mortgage loans to purchasers for acquisition of properties from the Group. The pledge will last for the period from the date of draw-down of mortgage loans to the date when the certificates for housing ownership are granted to the property purchasers. Such charges will be released upon the certificates are granted to the property purchasers.
- (b) At 31 March 2018, the bank deposits in total of approximately RMB103,500,000 (2017: RMB105,900,000) with interest rate of 1.55% to 4.10% (2017: 2.1% to 3.675%) per annum were pledged to a bank in the PRC against bank loans due to be settled within twelve months (2017: within twelve months), after the reporting period (note 30). The pledge will last for the period from the date of draw-down of secured bank loans to the date when the bank loan is fully settled.

As at 31 March 2017, the bank deposits of approximately RMB150,714,000 with interest rate ranging from 0.01% to 3.1% were pledged against bank loans due to be settled within twelve months after the reporting period (note 30) and had maturity within twelve months after reporting date.

As at 31 March 2017, the bank deposits of approximately RMB5,500,000 with interest rate of 0.35% were pledged against bank loans due to be settled over twelve months after the reporting period (note 30) and had maturity over twelve months after reporting date.

At 31 March 2018, approximately RMB308,570,000 (2017: RMB660,562,000) was deposited with banks in the PRC. These balances were mainly denominated in RMB and HK\$. RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the PRC that are authorised to conduct foreign exchange businesses.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 29. ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

	Group		Company	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Receipts in advance	557,149	622,307	-	-
Accruals and other payables (note)	240,802	468,123	899	276
	797,951	1,090,430	899	276

Note:

At 31 March 2018, accruals and other payables of the Group were unsecured, interest-free and repayable on demand.

As at 31 March 2017, accruals and other payables included an amount of approximately RMB490,000, which was payable to Jiangxi Dongjing Property Development Limited (江西東景房地產開發有限公司) which held 49% equity interest in the Group's subsidiary, Leping City.

As at 31 March 2017, accruals and other payables included an amount of approximately RMB3,661,000, which was payable to Jiangxi HongKeLong, which held the remaining 50% equity interest in Jiangxi Ganghong.

### 30. BANK LOANS

	Notes	Group	
		2018 RMB'000	2017 RMB'000
<b>Bank loans - secured</b>	(a)	100,407	936,818

The analysis of the carrying amounts of the bank loans is as follows:

	Notes	Group	
		2018 RMB'000	2017 RMB'000
<b>Current</b>			
Portion of bank loans due for repayment within one year or on demand		92,876	332,253
Portion of bank loans due for repayment after one year which contain repayment on demand clause	(b)	7,531	-
		100,407	332,253
<b>Non-current</b>			
Portion of bank loans due for repayment after one year		-	604,565
		100,407	936,818

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 30. BANK LOANS (Continued)

The Group's bank loans are repayable as follows:

	Group	
	2018 RMB'000	2017 RMB'000
Within one year or on demand	100,407	332,253
In the second year	-	98,849
In the third to fifth year	-	505,716
	-	604,565
	100,407	936,818

Notes:

- (a) As at 31 March 2018, the effective interest rates of the Group's secured bank loans were ranging from 2.99% to 4.49% (2017: 1.92% to 6.9%) per annum.
- (b) As at 31 March 2018, current liabilities included bank borrowings of RMB7,531,000 (2017: nil) that were not scheduled to repay within one year. They were classified as current liabilities as the related loan agreements contain a clause that provided the lender with an unconditional right to demand repayment at any time at its own discretion.

The carrying amounts of the Group's bank loans are denominated in the following currencies:

	Group	
	2018 RMB'000	2017 RMB'000
RMB	-	663,393
HK\$	100,407	34,833
US\$	-	238,592
	100,407	936,818

As at 31 March 2018, the outstanding balances of bank loans in HK\$ was approximately HK\$125,509,000 (2017: in HK\$ of HK\$39,283,000 and US\$ of US\$34,880,000).

As at 31 March 2018, bank loans of the Group were:

- (i) secured by the Group's property, plant and equipment of approximately RMB6,158,000 (2017: RMB60,513,000) (note 13);
- (ii) secured by the Group's bank deposits of approximately RMB103,500,000 (2017: RMB262,114,000) (note 28); and
- (iii) guaranteed by the Company and a subsidiary of the Group and the chief executive officer of the Group, Mr. Wong.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 30. BANK LOANS (Continued)

Other than above, as at 31 March 2017, bank loans of the Group were secured by the Group's investment properties of approximately RMB484,039,000 (note 14); the Group's properties held under development of approximately RMB809,791,000 (note 20); the Group's properties held for sale of approximately RMB162,556,000 (note 21); and guaranteed by certain subsidiaries of the Group, a non-controlling shareholder of Nanchang Dingxun, and an independent third party.

### 31. SHARE CAPITAL AND TREASURY SHARES

#### Share capital

Movement of share capital of the Company is summarised below:

	Number of shares	RMB'000
<b>Authorised:</b>		
Ordinary shares		
At 1 April 2016 and 31 March 2017	850,000,000	517,374
Capital reduction (Note)	-	(431,145)
At 31 March 2018	850,000,000	86,229
<b>Issued and fully paid:</b>		
Ordinary shares		
At 1 April 2016 and 31 March 2017	518,855,024	313,446
Capital reduction (Note)	-	(261,205)
At 31 March 2018	518,855,024	52,241

Note:

On 8 February 2018, the shareholders of the Company resolved that the issued and paid-up share capital of the Company would be reduced by cancelling the paid-up share capital of the Company to the extent of HK\$0.50 on each of the shares with a par value of HK\$0.60 in the share capital of the Company in issue, and each issued share with a par value of HK\$0.60 shall be treated as one fully paid up share with a par value of HK\$0.10.

#### Ordinary shares

Fully paid ordinary shares carry one vote per share. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 31. SHARE CAPITAL AND TREASURY SHARES (Continued)

#### Treasury shares

Pursuant to the resolutions approved by the shareholders at the special general meeting held on 22 July 2009, for the proposal of (i) amendments to the Bye-laws of the Company; and (ii) adoption of Share Purchase Mandate, the details of which were set out in the Company's circular dated 29 June 2009, to rationalise the Company the flexibility to undertake share purchase at any time, subject to market conditions, during the validity period of the Share Purchase Mandate. The directors believed that the Share Purchase Mandate provided the Company with a mechanism to facilitate the return of any surplus cash in excess of the Group's working capital requirements in an expedient and cost-efficient manner.

Details of treasury shares of the Company are summarised as below:

	Number of shares	RMB'000
At 1 April 2016, and 31 March 2017 and 2018	6,544,000	12,817

### 32. RESERVES

#### (a) Group

	Notes	2018 RMB'000	2017 RMB'000
Share premium	(i)	-	203,250
Treasury shares (note 31)	(ii)	(12,817)	(12,817)
Merger reserve	(iii)	(2,243)	(2,243)
Statutory reserve	(iv)	35,368	100,529
Capital reserve	(v)	3,838	3,838
Other reserve	(vi)	87,128	87,128
Exchange reserve	(vii)	(11,924)	(19,314)
Retained earnings		494,194	958,841
		<b>593,544</b>	<b>1,319,212</b>

The amounts of the Group's reserves and the movements therein for the year ended 31 March 2018 are presented in the consolidated statement of changes in equity of the financial statements.

Notes:

- (i) The share premium account represented the premium arising from the issue of shares of the Company at a premium. In order to effect the Distribution as discussed in note 1, the Company undertook a capital reduction exercise to reduce its share premium account and utilise the credit thereby arising for the purposes of the Distribution.
- (ii) The treasury shares reserve is used to record the shares being repurchased by the Company but not yet cancelled at the end of reporting period. The amounts will be reversed upon the repurchased shares being cancelled (note 31).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 32. RESERVES (Continued)

#### (a) Group (Continued)

Notes: (Continued)

- (iii) The merger reserve of the Group arose as a result of the reorganisation exercise completed on 9 September 2006 and represented the difference between the nominal value of the Company's shares issued under the reorganisation exercise and the nominal value of the aggregate share capital and share premium of the subsidiaries then acquired.
- (iv) According to the relevant PRC laws, the subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer to this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.
- (v) The capital reserve arose from the capitalisation of statutory reserve of the PRC subsidiaries.
- (vi) Other reserve represents the difference between the consideration and the carrying amount of the net assets attributable to the additional and reduction of interests in subsidiaries being acquired from and disposed to non-controlling equity holders respectively.
- (vii) The exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of the relevant companies in the Group whose functional currency are different from that of the Group's presentation currency which is RMB and are non-distributable.

#### (b) Company

	Notes	2018 RMB'000	2017 RMB'000
Share premium	(a)(i)	-	203,250
Treasury shares (note 31)	(a)(ii)	(12,817)	(12,817)
Merger reserve		59,579	59,579
Retained earnings		201,808	36,543
		<b>248,570</b>	<b>286,555</b>

The merger reserve of the Company arose as a result of the reorganisation exercise completed on 9 September 2006 and represents the excess of the nominal value of the Company's shares issued in exchange therefore over the then consolidated net assets value of the subsidiaries then acquired.

### 33. LITIGATION

During the year ended 31 March 2017, the Group received a judgement (the "Judgement") which was issued by Zhejiang Province Deqing County People's Court (浙江省德清县人民法院) in relation to a dispute with the Bureau. According to the Judgement, the Bureau would be obligated to compensate the Group (subject to appeal) on the basis that the construction project on a parcel of the Group's land located at Taihu Meixi, Huzhou Development Zone, Zhejiang Province, the PRC (the "Taihu Meixi Land") was hindered due to a discovery of cultural buildings. In 2018, the Group has filed appeal to relevant court, requesting sale of Taihu Meixi Land to the Bureau and additional compensation. Up to the date of this report, judgement has not been received by the Group in relation to its appeal. The directors of the Company, based on the advices from the Group's legal counsel, consider that no provision for loss arising from this litigation is necessary.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 34. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;
- (ii) To support the Group's stability and growth; and
- (iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Management regards total equity as capital. The amount of capital as at 31 March 2018 amounted to approximately RMB651,441,000 (2017: RMB2,219,963,000) which the management considers as optimal having consider the projected capital expenditures and the projected strategic investment opportunities. The net debts-to-equity ratio at 31 March 2018 and 2017 were as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current liabilities</b>		
Accounts payable	7,462	92,172
Accruals, receipts in advance and other payables	797,951	1,090,430
Amounts due to related parties	11,352	33,006
Bank loans	100,407	332,253
	<b>917,172</b>	<b>1,547,861</b>
<b>Non-current liabilities</b>		
Bank loans	-	604,565
<b>Total debts</b>	<b>917,172</b>	<b>2,152,426</b>
Less: Cash and bank balances	(202,198)	(288,122)
Structured bank balances	(50,000)	(120,100)
Pledged deposits	(109,629)	(378,988)
	<b>(361,827)</b>	<b>(787,210)</b>
<b>Net debts</b>	<b>555,345</b>	<b>1,365,216</b>
<b>Total equity</b>	<b>651,441</b>	<b>2,219,963</b>
<b>Net debts to equity ratio</b>	<b>85.2%</b>	<b>61.5%</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 34. CAPITAL MANAGEMENT (Continued)

Certain banking facilities granted to a subsidiary require the subsidiary to adhere to certain capital requirements. It is required to maintain certain net worth or gearing ratios within specific financial thresholds. Except as disclosed in note 32(a)(iv) on statutory reserves, the Group is not subject to any other externally imposed capital requirements for the years ended 31 March 2018 and 2017.

The Group's overall strategy remains unchanged from 2017.

### 35. COMMITMENTS

Except as disclosure elsewhere in these financial statements, the Group had the following outstanding capital commitments:

	Group	
	2018	2017
	RMB'000	RMB'000
Contracted but not provided for in respect of		
- properties held under development of the Group	630,316	357,426

The Company did not have any commitments as at 31 March 2018 and 2017.

### 36. OPERATING LEASE ARRANGEMENTS

- (a) The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of its properties as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Not later than one year	90	8,906
Later than one year and not later than five years	60	12,333
Later than five years	-	1,083
	150	22,322

The Group leases out certain investment properties and properties held for sales which run for initial periods of one to three years, without an option to renew the lease terms at the expiry date. None of the leases includes contingent rentals.

The Company does not have any operating lease receipts under non-cancellable operating leases.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 36. OPERATING LEASE ARRANGEMENTS (Continued)

- (b) The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Not later than one year	14	65
Later than one year and not later than five years	-	22
	14	87

The Group leases a number of properties under operating lease arrangements which run for initial periods of one year, with an option to renew the lease terms at the expiry date. None of the leases includes contingent rentals.

The Company does not have any operating lease payments under non-cancellable operating leases.

### 37. CONTINGENCIES

- (i) Group

#### *Mortgage loan arrangements with banks*

As at 31 March 2018 and 2017, the Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. At 31 March 2018, the outstanding guarantees amounted to RMB22,561,000 (2017: RMB998,158,000). Such guarantees terminate upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within one or two years after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of properties. No provision for the Group's obligation under the guarantees has been made as the directors considered that it was not probable that the repayments of the loans would be default.

- (ii) Company

The Company has provided corporate guarantee for bank borrowings of a subsidiary. These bank borrowings amounted to RMB2,512,000 as at 31 March 2017 and were fully settled during the year ended 31 March 2018.

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group does not consider that it is probable that a claim will be made against the Group under the financial guarantee contracts at the end of reporting period.

Accordingly the Group does not expect any net cash outflows resulting from the financial guarantee contracts.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the Directors meet periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the directors of the Company consider that the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

At 31 March 2018, the financial assets of the Group comprise accounts and other receivables, financial asset at fair value through profit or loss, held-to-maturity investments, other financial assets, pledged deposits, structured bank balances and cash and bank balances. The financial liabilities of the Group comprise accounts payable, accruals and other payables, amount due to related parties and bank loans.

#### (i) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from bank balances and bank loans which bore interests at fixed and floating interest rates. Bank loans arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rate and repayment terms of bank loans outstanding at the end of the reporting period are disclosed in note 30.

#### Interest rate sensitivity

If the interest rates had been increased/decreased by 100 basis points at the beginning of the year and all other variables were held constant, the Group's profit after tax for the year and retained profits would increase/decrease by approximately RMB3,618,000 (2017: RMB3,952,000) respectively.

The calculations are based on the Group's relevant financial instruments held at each reporting date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting date. Changes in saving interest rates have no impact on the Group's other components of equity. The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve month period.

The sensitivity analysis included in the financial statements for the year ended 31 March 2017 has been prepared on the same basis.

#### (ii) Foreign currency risk

Most of the Group's transactions are carried out in RMB which is the functional currency of most of the group entities. Exposures to currency exchange rates arise from certain of the Group's cash and bank balances, financial assets at fair value through profit or loss, other receivables, other payables, amounts due to related company and bank loans which are denominated in HK\$, and US\$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and will consider hedging significant foreign currency exposure should the need arises.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (ii) Foreign currency risk (Continued)

##### Foreign currency risk exposure

The following table details the Group's exposure at the reporting date to foreign currency risk from financial assets at fair value through profit or loss, other receivables, bank balances, bank loans, amount due to a related company and other payables denominated in a currency other than the functional currency of the Company and its subsidiaries.

	Group	
	2018	2017
	RMB'000	RMB'000
Financial assets at fair value through profit or loss denominated in		
- HK\$	-	47
Other receivables denominated in		
- HK\$	-	1,067
Bank balances denominated in		
- HK\$	69	3,350
- US\$	29	1,728
Other payables denominated in		
- HK\$	-	(460)
Amount due to a related company denominated in		
- HK\$	(136)	(150)
Bank loans denominated in		
- US\$	-	(238,592)

##### Foreign currency sensitivity analysis

The following table indicates the approximate change in the Group's profit or loss for the year in response to a 5% (2017:5%) appreciation in respective foreign currencies against the Group's functional currencies. There is no impact on other components of consolidated equity in response to the general increase in the following foreign currency rates.

	Group	
	2018	2017
	RMB'000	RMB'000
(Decrease)/increase in profit for the year and retained profits		
- US\$	1	(8,601)
- HK\$	(3)	193

A weakening of the above foreign currencies against RMB at each reporting date would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

The Company is not exposed to any foreign currency risk.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financial assets. The Group's credit risk is primarily attributable to accounts and other receivables, cash and bank balances, pledged deposits and structured bank balances. The management has a credit policy and the exposures to credit risks are monitored on an ongoing basis.

In respect of accounts and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group performs ongoing credit evaluation of its customers' financial positions. Provision for impairment is based upon a review of the expected collectability of all receivables.

The Group's cash and bank balances, pledged deposits and structured bank balances are mainly balances with state-owned banks in the PRC and a reputable bank in Hong Kong. As at 31 March 2018, the Group had approximately 82% (2017: 74%) bank balances placed with two banks in the PRC.

At the end of reporting period, the Group has receivables due from other debtors amounting to RMB75,579,000 (2017: other debtors amounting RMB97,786,000 and a joint venture amounting to RMB140,432,000) respectively, representing 98% (2017: 99%) of total gross accounts and other receivables. Except for these receivables, there was no concentration of credit risk.

The Company's credit risk is primarily attributable to amounts due from subsidiaries.

#### *Financial guarantee*

The principal risk to which the Group and the Company is exposed to is credit risk in connection with guarantee contracts which have been issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 37.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's future cash flows.

#### (iv) Liquidity risk

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds from the realisation of its assets if required.

At 31 March 2018 and 2017, the remaining contractual maturities of the Group's financial liabilities which are based on undiscounted cash flows and the earliest date the Group can be required to pay are summarised below.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (iv) Liquidity risk (Continued)

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

#### Group

	Carrying Amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000
<b>At 31 March 2018</b>						
- Accounts payable	7,462	7,462	7,462	-	-	-
- Accruals and other payables	240,802	240,802	240,802	-	-	-
- Amounts due to related parties	11,352	11,352	11,352	-	-	-
- Bank loans	100,407	100,407	100,407	-	-	-
	360,023	360,023	360,023	-	-	-
- Financial guarantee issued: maximum amount guaranteed (note 37(ii))	-	22,561	22,561	-	-	-
<b>At 31 March 2017</b>						
- Accounts payable	92,172	92,172	92,172	-	-	-
- Accruals and other payables	468,123	468,123	468,123	-	-	-
- Amounts due to related parties	33,006	33,006	33,006	-	-	-
- Bank loans	936,818	1,209,393	2,512	36,078	345,234	825,569
	1,530,119	1,802,694	595,813	36,078	345,234	825,569
- Financial guarantee issued: maximum amount guaranteed (note 37(ii))	-	998,158	998,158	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (iv) Liquidity risk (Continued)

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “on demand” time band in the maturity analysis above. Taking into account the financial positions of the companies in the Group, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

**Maturity analysis – Bank borrowings subject to  
a repayment on demand clause based on scheduled repayments**

	On demand	Less than 3 months	3 to less than 12 months	Over 1 year	Total undiscounted amount	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 March 2018	-	63,202	30,994	8,724	102,920	100,407
31 March 2017	-	1,279	1,290	-	2,569	2,512

At 31 March 2018 and 2017, all financial liabilities held by the Company are either repayable on demand or due to repay within one year.

The Group/Company has not recognised in its financial statements the corporate guarantees issued for the facilities issued as disclosed in note 37. The financial guarantees have not been allocated to the earliest period in which the guarantee could be called upon on as the Group/Company does not consider it probable that a claim will be made against the Group/Company (note 38(iii)).

#### (v) Fair value

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value of borrowings is not disclosed because the carrying value is not materially different from the fair value at the reporting date.

#### (vi) Equity price risk

The Group is exposed to equity price risk through its investment in listed equity securities which are classified as at fair value through profit or loss (note 25). The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise. As the investment in listed equity securities represents a small percentage of the Group's net assets, the equity price risk is minimal.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

**Group**

	Notes	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Year ended 31 March 2018</b>					
Assets					
Securities held for trading					
- Listed	(a)	8,077	-	-	8,077
<b>Year ended 31 March 2017</b>					
Assets					
Securities held for trading					
- Listed	(a)	11,327	-	-	11,327
Contingent consideration	(b)	-	-	6,625	6,625
Unlisted put option	(c)	-	-	445	445

There were no transfers between levels during the year.

The movements in fair measurements within Level 3 during the year are as follows:

	Group	
	2018 RMB'000	2017 RMB'000
Financial assets at fair value through profit or loss – non-current		
Opening balance	7,070	4,778
Total gains recognised in the consolidated statement of comprehensive income	620	2,292
Disposal of subsidiaries (note 40)	(7,690)	-
Closing balance	-	7,070

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (vii) Fair value measurements recognised in the statement of financial position (Continued)

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

#### (a) Listed securities

The listed debt and equity securities are denominated in HK\$ and RMB. Fair values have been determined by reference to their quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

#### (b) Contingent consideration

The fair value of contingent consideration has been determined by a firm of independent professional valuer. Detail please see note 17 for disclosures of the measurement of contingent consideration.

As at 31 March 2017, the fair value of the contingent consideration arrangement of RMB6,625,000 was estimated by applying the discounted cash flow method. The fair value estimates are based on a discount rate of 15.8% and assumed probability adjusted profits in Zhejiang Davi ranging from approximately loss of RMB5,187,000 to profit of RMB2,753,000. This is a level 3 fair value measurement. The key unobservable assumptions in calculating this profit are:

	<b>2017 Range</b>
Assumptions:	
Revenue (RMB'000)	96,041– 130,930
Gross margin (%)	20%-28%

Assuming all other variables is held constant; an increase in revenue by RMB5,000,000 would decrease the contingent consideration by a further RMB538,000 and an increase in gross margin by 1% would decrease the contingent consideration by RMB175,000.

#### (c) Unlisted put option

The fair value of the unlisted put option has been determined by a firm of independent professional valuer by using a binomial option pricing model.

Significant unobservable inputs included:

	<b>2017</b>
Equity value	RMB21,473,000
Expected Dividend yield	Nil
Annual risk free rate	2.99%
Average expected volatility	46%
Expected term	2.75 years

Increase in the average expected volatility, expected terms and expected dividend yield would increase the fair value of the unlisted put option.

Increase in the equity value and annual risk-free rate would decrease the fair value of the unlisted put option.

With the disposal of Sino Harbour Group as disclosed in Note 17 and 40, Zhejiang Davi ceased to be an associate of the Group as at 29 March 2018.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 39. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities as recognised at 31 March 2018 and 2017 may also be categorised as follows. See notes 3.14 and 3.19 for explanations about how the category of financial instruments affects their subsequent measurement.

#### Financial Assets

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets measured at fair value				
- Financial assets at fair value through profit or loss	8,077	18,397	-	-
Loans and receivables				
- Accounts and other receivables	76,989	100,863	-	-
- Due from subsidiaries	-	-	328,892	328,892
Pledged deposits	109,629	378,988	-	-
Structured bank balances	50,000	120,100	-	-
Cash and bank balances	202,198	288,122	161	131
	438,816	888,073	329,053	329,023
Held-to-maturity investments at cost	90,303	-	-	-
Available-for-sale investments at cost	20,000	28,627	20,000	20,000
	557,196	935,097	349,053	349,023

#### Financial Liabilities

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities measured at amortised cost				
- Accounts payable, and accruals and other payables	248,264	560,295	899	276
- Bank loans	100,407	936,818	-	-
- Amounts due to related parties	11,352	33,006	326,064	312,922
	360,023	1,530,119	326,963	313,198

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 40. DISPOSAL OF SUBSIDIARIES

As disclosed in Note 1, Sino Harbour Group ceased to be subsidiaries of the Company upon the completion of the Distribution of Sino Harbour shares to the Company's shareholders on 29 March 2018 as dividend by way of distribution *in specie*.

The carrying amounts of net assets of Sino Harbour Group at the date of the completion of the Distribution were as follows:

	RMB'000
Property, plant and equipment	67,697
Intangible asset	11,400
Investment properties	552,984
Interests in joint ventures	184,265
Interests in an associate	4,358
Other financial assets	28,357
Financial assets at fair value through profit or loss	7,690
Pledged deposits	230,382
Deferred tax assets	11,514
Properties held under development	1,664,440
Properties held for sale	243,761
Account receivables	321
Prepayments and other receivables	268,271
Tax recoverable	17,557
Cash and bank balances	222,147
Accounts payable	(52,115)
Accruals, receipts in advance and other payables	(510,689)
Current tax liabilities	(123,565)
Bank loans	(1,143,051)
Deferred tax liabilities	(83,618)
Net assets	1,602,106
Non-controlling interests	(588,195)
Net assets distributed under distribution <i>in specie</i>	1,013,911
Cash outflows on disposal:	
Cash and bank balances disposed of	222,147

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 41. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Bank loans	Interests payable	Amounts due to related parties	Dividend payable
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2017	936,818	-	33,006	-
Changes from cash flows:				
Repayment to a related party	-	-	(21,640)	-
Advance to a joint venture	-	-	(2)	-
Proceeds from new borrowings	732,893	-	-	-
Repayment of borrowings	(403,282)	-	-	-
Distributions to non-controlling interests by subsidiary	-	-	-	(5,887)
Net cash outflow on distribution <i>in specie</i> (note 40)	-	-	-	(222,147)
Dividend paid	-	-	-	(25,202)
Interest paid	-	(65,679)	-	-
	1,266,429	(65,679)	11,364	(253,236)
Exchange difference	(22,971)	-	(12)	-
Other changes:				
Disposal of subsidiaries (note 40)	(1,143,051)	-	-	(791,764)
Interest expenses	-	65,679	-	-
Dividend declared	-	-	-	1,045,000
At 31 March 2018	100,407	-	11,352	-

### 42. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material related party transactions:

		Group	
		2018	2017
	Notes	RMB'000	RMB'000
Car park rental expense	(a)	51	50

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 42. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

- (a) During year ended 31 March 2018 and 2017, the non-executive director of Sino Harbour, Ms. Chan has entered into an agreement of car park rental for HK\$60,000 per year.
- (b) Details of balances with related parties are set out in notes 16, 17, 23, 24 and 29. None of the related parties' receivables has been past due nor impaired as at 31 March 2018 and 2017.

Included in staff costs are key management personnel compensation of the Group and Company during the financial year as follows:

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Directors' fee	855	857	855	857
Short-term employment benefits	2,272	5,560	-	-
Post employment benefits	24	81	-	-
	3,151	6,498	855	857

### 43. COMPARATIVE AMOUNTS

The comparative consolidated statement of comprehensive income and consolidated statement of cash flows has been re-presented as if the operations discontinued during the current year had been discontinued at the beginning of the comparative period (note 10).

### 44. EVENTS AFTER REPORTING PERIOD

Except for those disclosed in elsewhere in this report, there is no material subsequent event undertaken by the Company or the Group after 31 March 2018.

## PROPERTY PORTFOLIO

Description	Location	Type	Site Area in respect of entire project (sq.m.)	Planned Gross Floor Area (sq.m.)	Tenure	Effective Group Interest (%)	Approximate Percentage Sold and Delivered	Expected Completion Date
<b>COMPLETED PROPERTIES</b>								
Huzhou Liyang Jingyuan Phase 2	No. 579 Longxi Bei Road and Land No. 5 Huzhou Economic and Technological Development Zone, Huzhou City Zhejiang Province, the PRC	C	17,251	C: 12,149	C: Expiring on 19 February 2046	100%	100%	Completed
Hangzhou Liyang Yuan	Shenhua Road Xihu District Hangzhou City, Zhejiang Province, the PRC	R,C	7,833	R: 24,921 C: 7,842	R: Expiring on 14 December 2076 C: Expiring on 14 December 2046	100%	R: 99% C: 88%	Completed
Huzhou Hua Cui Ting Yuan Phase 1	Taihu Meidong, Huzhou Development, Zone, Zone Zhejiang Province, the PRC	R,C	58,386	R: 44,006 C: 7,471	R: Expiring on 18 November 2080 C: Expiring on 18 November 2050	100%	R: 99% C: 0%	Completed
Huzhou Hua Cui Ting Yuan Phase 2	Taihu Meidong Huzhou Development Zone Zhejiang Province the PRC	R	66,667	R: 50,400	R: Expiring on 18 November 2080 C: Expiring on 18 November 2050	100%	99%	Completed
Huzhou Run Yuan Phase 1	Lot 18B land parcels Southwest District Huzhou City Zhejiang Province, the PRC	R,C	102,972	R: 103,648 C: 6,967	R: Expiring on 30 December 2079 C: Expiring on 30 December 2049	100%	R: 97% C: 0%	Completed
<b>PROPERTIES UNDER DEVELOPMENT</b>								
Huzhou Run Yuan Phase 2	Lot 18B land parcels Southwest District Huzhou City Zhejiang Province, the PRC	R,C	102,972	R: 96,720 C: 5,995	R: Expiring on 30 December 2079 C: Expiring on 30 December 2049	100%	N.A.	Q2CY2019
Pan Hong Run He	South of Jiashan Road of the Southwest District, on the east of Jinji Hill Site, on the north of the New District 2nd Road, Huzhou City, Zhejiang Province, the PRC	R, C	118,274	R: 166,801 C: 8,335	R: Expiring on 16 August 2085 C: Expiring on 16 August 2055	100%	N.A.	Q2CY2020

## PROPERTY PORTFOLIO

Description	Location	Type	Site Area in respect of entire project (sq.m.)	Planned Gross Floor Area (sq.m.)	Tenure	Effective Group Interest (%)	Approximate Percentage Sold and Delivered	Expected Completion Date
<b>FUTURE PROJECTS</b>								
Huzhou Delong Project	Taihu Meixi, Huzhou Development Zone, Zhejiang Province, the PRC	C	54,452	16,165	C: Expiring on 04 November 2050	64%	N.A.	Under planning

### PROPERTIES HELD FOR INVESTMENT

28 bicycle space of Xinya Jianyuan	Nos. 678 to 688 Shiyuan Road, Nanxun Tower, Huzhou City, Zhejiang Province, the PRC	C	N.A.	228	C: Expiring on 24 April 2040	100%	N.A.	Completed
Various retail units on Level 2 of Nanxun Commercial Complex	Tai'an Road Nanxun Town, Huzhou City, Zhejiang Province, the PR	C	N.A.	1,354	C: Expiring on 30 December 2032	100%	N.A.	Completed
Various retail units on Level 1 and 3 of Hongjin Commercial Plaza	Balidian Town, Huzhou City, Zhejiang Province, the PRC	C	N.A.	3,515	C: Expiring on 03 January 2046	100%	N.A.	Completed

### PROPERTIES OCCUPIED BY THE GROUP

Room 1214-15	Unit Nos 14 and 15 on 12th Floor of Tower B, Hungghom Commercial Centre, No 37 Ma Tau Wai Road, Hungghom Kowloon	C	N.A.	390	C: Expiring on 15 September 2047	100%	N.A.	Completed
No. 25 Building, Huzhou Liyang Jingyuan Phase 1	Land No. 5 Huzhou Economic and Technological Development Zone, Huzhou City, Zhejiang Province, the PRC	C	N.A.	1,408	C: Expiring on 19 February 2046	100%	N.A.	Completed
Hangzhou Liyang Yuan	Shenhua Road Xihu District Hangzhou City, Zhejiang Province, the PRC	C	N.A.	1,077	R: Expiring on 14 December 2046	100%	N.A.	Completed

R: Residential

C: Commercial and others

N.A.: Not applicable

## SHAREHOLDERS' INFORMATION

As at 18 June 2018

Class of shares	: Ordinary shares of HK\$0.10 each
Authorised share capital	: HK\$510,000,000.00
Issued and fully paid-up capital	: HK\$51,885,502.40
Number of Shares issued	: 518,855,024
Number of Shares issued (excluding Treasury Shares)	: 512,311,024
Number (Percentage) of Treasury Shares	: 6,544,000 (1.26%)
Voting rights (excluding Treasury Shares)	: One vote per share

The Company has no subsidiary holdings.

### STATISTICS OF SHAREHOLDINGS

Size of Shareholding		Number of Shareholders	%	Number of Shares	%
1	- 99	0	0.00	0	0.00
100	- 1,000	44	6.36	29,367	0.01
1,001	- 10,000	302	43.64	1,804,640	0.35
10,001	- 1,000,000	332	47.98	25,943,700	5.06
1,000,001	and above	14	2.02	484,533,317	94.58
		692	100.00	512,311,024	100.00

### SUBSTANTIAL SHAREHOLDERS AS AT 18 JUNE 2018

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Extra Good Enterprises Limited <sup>(3)</sup>	288,000,000	56.22	-	-
Wong Lam Ping <sup>(1) (2) (4)</sup>	25,749,794	5.03	302,443,300	59.04
Chan Heung Ling <sup>(1) (2)</sup>	14,443,300	2.82	313,749,794	61.24

Notes:

- (1) Mr Wong Lam Ping and Ms Chan Heung Ling hold 52.0% and 48.0% of the issued share capital of Extra Good Enterprises Limited respectively. As such, both are deemed to be interested in the shares held by Extra Good Enterprises Limited in the capital of the Company.
- (2) Ms Chan Heung Ling is the spouse of Mr Wong Lam Ping and they are deemed to be interested in the shares held by each other.
- (3) Extra Good Enterprises Limited held 140,000,000 shares through RHB Securities Singapore Pte. Ltd.
- (4) Mr Wong Lam Ping held 4,797,600 shares through Phillip Securities Pte Ltd.

## SHAREHOLDERS' INFORMATION

As at 18 June 2018

### SHAREHOLDERS' INFORMATION (Continued)

#### TWENTY LARGEST SHAREHOLDERS AS AT 18 JUNE 2018

No.	Name of Shareholders	Number of Shares	%
1.	EXTRA GOOD ENTERPRISES LIMITED	148,000,000	28.89
2.	RHB SECURITIES SINGAPORE PTE LTD	140,185,000	27.36
3.	PHILLIP SECURITIES PTE LTD	46,083,716	8.99
4.	CGS-CIMB SECURITIES (S) PTE LTD	31,194,600	6.09
5.	RAFFLES NOMINEES (PTE) LTD	25,062,400	4.89
6.	WONG LAM PING	20,952,194	4.09
7.	CHAN HEUNG LING	14,443,300	2.82
8.	ABN AMRO CLEARING BANK N.V.	13,921,200	2.72
9.	DBS VICKERS SECURITIES (S) PTE LTD	11,055,607	2.16
10.	JUMBO KING HOLDINGS LIMITED	9,700,000	1.89
11.	DBS NOMINEES PTE LTD	9,239,800	1.80
12.	CITIBANK NOMINEES S'PORE PTE LTD	7,659,400	1.49
13.	MAYBANK KIM ENG SECURITIES PTE LTD	5,208,100	1.02
14.	DB NOMINEES (S) PTE LTD	1,828,000	0.36
15.	LIM & TAN SECURITIES PTE LTD	958,500	0.19
16.	SINGAPORE WAREHOUSE CO PTE LTD	800,000	0.16
17.	OCBC SECURITIES PRIVATE LTD	787,300	0.15
18.	ONG WOEI LIANQ	727,700	0.14
19.	TAN TAT WEE (CHEN DAWEI)	704,900	0.14
20.	YEO CHITT HOCK BRANDON (YANG QIFU)	700,000	0.14

#### **PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS**

35.8% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Pan Hong Holdings Group Limited ("the Company") will be held at Marie II room, Level 1, York Hotel, 21 Mount Elizabeth, Singapore 228516 on Monday, 30 July 2018 at 10.00 a.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 March 2018 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final dividend of S\$0.015 per share (tax not applicable) for the financial year ended 31 March 2018 (FY2017: S\$0.01 per share). **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Bye-Law 86(1) of the Bye-Laws of the Company:

Ms. Wang Cuiping

**(Resolution 3)**

Mr. Chan Kin Sang

**(Resolution 4)**

Mr. Sim Wee Leong

**(Resolution 5)**

Dr. Zheng Haibin

**(Resolution 6)**

*Mr. Chan Kin Sang will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee and will be considered non-independent.*

*Mr. Sim Wee Leong will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating Committee and will be considered independent.*

*Dr. Zheng Haibin will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee and will be considered independent.*

4. To approve the payment of Directors' fees of S\$175,450 for the financial year ending 31 March 2019, to be paid quarterly in arrears. (FY2018: S\$175,450). **(Resolution 7)**
5. To re-appoint BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore to act jointly and severally as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

#### 7. SHARE ISSUE MANDATE

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

## NOTICE OF ANNUAL GENERAL MEETING

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company;
- (b) for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, after adjusting for:
  - (i) new shares arising from the conversion or exercise of convertible securities;
  - (ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.

[See Explanatory Note (i)]

**(Resolution 9)**

### 8. THE PROPOSED RENEWAL OF SHARE PURCHASE MANDATE

- (a) That the Company be and is hereby authorised to purchase or otherwise acquire issued and paid up Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-
  - (i) on-market purchases (each an "On-Market Share Purchase") on the SGX-ST; and/or
  - (ii) off-market purchases (each an "Off-Market Share Purchase") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, and the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares in the foregoing manner be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution, and expiring on the earliest of:-
  - (i) the conclusion of the next Annual General Meeting of the Company; or
  - (ii) the date by which the next Annual General Meeting of the Company is required to be held; or
  - (iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated (the "Relevant Period").

## NOTICE OF ANNUAL GENERAL MEETING

(c) in this Ordinary Resolution:–

“Maximum Limit” means 10% of the total number of issued and paid-up ordinary shares of the Company as at the date of the passing of this Ordinary Resolution (excluding any treasury shares that may be held by the Company from time to time and subsidiary holdings); and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:–

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price,

where:–

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) Market Days (“Market Day” being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or as the case may be, the day of making of the offer for an Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period; and

“day of making of the offer” means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase; and

(d) the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

[See Explanatory Note (ii)]

**(Resolution 10)**

By Order of the Board

Lau Ka Ho, Billy  
Toh Li Ping, Angela  
Company Secretaries

13 July 2018

## NOTICE OF ANNUAL GENERAL MEETING

### Explanatory Notes to Resolutions to be passed –

- (i) The Ordinary Resolution 9 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.
- (ii) The Ordinary Resolution 10 proposed in item 8 above, if passed, will empower the Directors from the date of the above Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is earlier, to make purchases (whether by way of On-Market Share Purchases or Off-Market Share Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares excluding any Shares which are held as treasury shares of the Company at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater details in the Addendum accompanying this Notice.

### Notes:

1. A Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. If a Depositor wishes to appoint a proxy/proxies to attend the Meeting, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, B.A.C.S Private Limited, 8 Robinson Road #03-00 ASO Building Singapore 048544, at least forty-eight (48) hours before the time of the Meeting.
3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company or a Depositor, as the case may be (i) consents to the collection, use and disclosure of the member or Depositor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member or a Depositor discloses the personal data of the member or Depositor's proxy(ies) and/or representative(s) to the Company (or its agents), the member or Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member or Depositor's breach of warranty.

## NOTICE OF BOOKS CLOSURE

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and Register of Members of Pan Hong Holdings Group Limited (the “Company”) will be closed on 17 August 2018 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company’s Share Transfer Agent, B.A.C.S. Private Limited, 8 Robinson Road #03-00 ASO Building Singapore 048544, up to 5.00 p.m. on 17 August 2018 will be registered to determine shareholders’ entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 17 August 2018 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 30 July 2018, will be made on 29 August 2018.

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汎港控股  
PAN HONG HOLDINGS

**Pan Hong Holdings Group Limited**

Room 1214, 12 Floor, Tower B

Hunghom Commercial Centre

37-39 Ma Tau Wai Road

Hunghom, Hong Kong

Tel: +852 2363 1300 / +852 2363 9095

Fax: +852 2764 2160