Hon Kwok Land Investment Company, Limited

Stock Code: 160

Annual Report 2013/14

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Cover Photos:
Left: Jinshan Shangye Zhongxin, Chongqing, PRC – pending issuance of certificate of comprehensive completion
Right: The Botanica, Guangzhou, PRC

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右： 中國廣州寶翠園

CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong *(Chairman)*
Madeline May-Lung Wong
Herman Man-Hei Fung *(Vice-Chairman)*
Zuric Yuen-Keung Chan
Xiao-Ping Li
Emily Yen Wong
Daniel Chi-Wai Tse*
Kenneth Kin-Hing Lam*
Hsin-Kang Chang*

* *Independent non-executive directors*

AUDIT COMMITTEE

Kenneth Kin-Hing Lam
Daniel Chi-Wai Tse
Hsin-Kang Chang

REMUNERATION COMMITTEE

Daniel Chi-Wai Tse
Kenneth Kin-Hing Lam
Herman Man-Hei Fung

SECRETARY

Thomas Hang-Cheong Ma

PRINCIPAL BANKERS

The Bank of East Asia, Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Commercial Bank Limited
Wing Lung Bank, Limited

AUDITORS

Ernst & Young

REGISTRARS

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

REGISTERED OFFICE

23rd Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

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Fax	:	(852) 2845 1629
E-mail	:	general@chinneyhonkwok.com

STOCK CODE

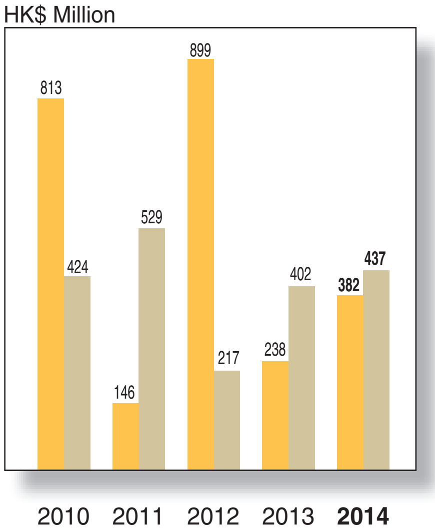
SEHK 160

WEBSITE

http://www.honkwok.com.hk

Turnover / Net Profit

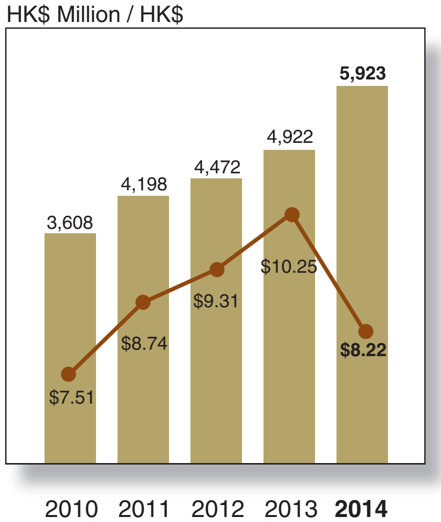
HK$ Million



- Turnover
- Net profit attributable to shareholders

Shareholders' Funds / Net Assets per Share

HK$ Million / HK$

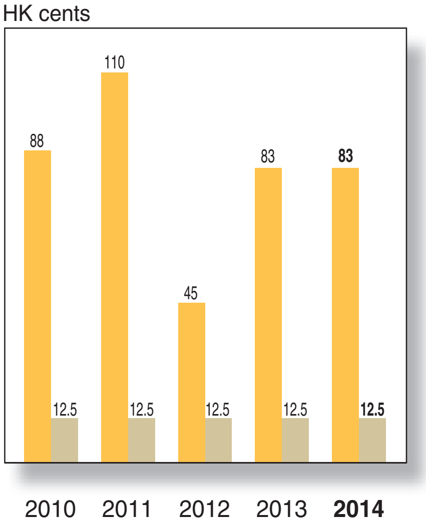


- Shareholders' funds
- Net assets per share (HK$)

(Number of shares in issue –
2010 to 2013: 480,286,201
2014: 720,429,301 after 2 for 1 rights issue in January 2014)

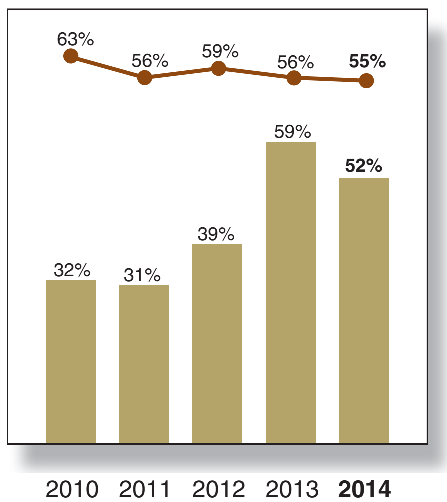
Earnings / Dividend per Share

HK cents



- Earnings per share
- Dividend per share

Gearing / Equity Funding



- Gearing ratio (*)
- % of total assets financed by equity

(*) Representing ratio of "bank borrowings + convertible bonds – bank balances" to "shareholders' funds + non-controlling interests".

LOCATION OF PROPERTY PROJECTS IN MAINLAND CHINA

Projects under Development

1 Botanica 寶翠園
2 Adjacent site to No. 5 Residence 北京路5號公館
3 Second adjacent site to No. 5 Residence 北京路5號公館
4 Dong Guan Zhuan 東莞莊 project
5 Metropolitan Oasis 雅瑤綠洲, Nanhai (not shown above)
6 Hon Kwok City Commercial Centre 漢國城市商業中心
7 Jinshan Shangye Zhongxin 金山商業中心
8 Enterprise Square 僑城坊, Nanshan District (not shown above)

Completed Projects

9 Millennium Oasis 城市綠洲花園 Phase I [2001], Phases II & III [2002]
10 City Square 城市天地廣場 [2005]
11 Chongqing Hon Kwok Centre 重慶漢國中心 [2009], held as investment property
12 No. 5 Residence 北京路5號公館 [2009]

Hotel/Serviced Apartments

13 City Suites 寶軒公寓
14 The Bauhinia Hotel (Shenzhen) 寶軒酒店（深圳）
15 The Bauhinia Hotel (Guangzhou) 寶軒酒店（廣州）

Acquired Property

16 Ganghui Dasha 港滙大廈, held as investment property

FINANCIAL RESULTS

For the year ended 31 March 2014, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK$382 million (2013: HK$238 million) and HK$437 million (2013: HK$402 million), respectively. Basic earnings per share were 82.8 Hong Kong cents (2013 (restated): 83.2 Hong Kong cents). As at 31 March 2014, the shareholders' equity amounted to HK$5,923 million (as at 31 March 2013: HK$4,922 million) and net assets per share attributable to shareholders were HK$8.22 (as at 31 March 2013: HK$10.25). The decrease in net assets per share was due to the positive effect of the two-for-one rights issue completed in January 2014 has yet to be fully reflected on the Group's financial position.

DIVIDEND

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2014 (2013: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 5 September 2014. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 22 September 2014.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 28 August 2014. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 25 August 2014 to 28 August 2014 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 22 August 2014.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2014 is subject to the approval by the shareholders at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on 4 September 2014 and 5 September 2014, during which period no share transfers will be registered. The last day for dealing in the Company's shares cum entitlements to the proposed final dividend will be 1 September 2014. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 3 September 2014.

BUSINESS REVIEW

Rights Issue

In December 2013, the Group proposed to effect a two-for-one rights issue of 240,143,100 rights share at HK$2.70 each. The rights issue, being underwritten by Chinney Investments, Limited ("Chinney Investments"), was completed on 21 January 2014. The net proceeds of HK$641 million generated from the rights issue will be utilized for partial repayment of bank loans and as general working capital as well as for property development projects of the Group. For details, please refer to the Company's rights issue prospectus dated 30 December 2013.

Acquisition of Properties

On 29 May 2014, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement for the acquisition of a villa located in Longgang District, Shenzhen, PRC from a wholly-owned subsidiary of Chinney Alliance Group Limited ("Chinney Alliance") for a cash consideration of HK$8,063,000. The above acquisition constituted a connected transaction for the Company and was subject to the reporting and announcement requirements but was exempt from independent shareholders' approval. For details, please refer to the Company's announcement dated 29 May 2014. The above transaction is scheduled to be completed by the end of June 2014.

Property Development and Sales

Botanica Phase 3 寶翠園三期, Guangzhou, PRC

Botanica Phase 3 – superstructure works in progress

The Botanica 寶翠園, comprises 39 blocks of high-rise residential building with total gross floor area of approximately 229,000 sq.m., is situated in the greenery zone of Tian He District near the Botanical Garden. It is scheduled for development by phases. **Botanica Phases 1 and 2** 寶翠園一及二期, with total 16 blocks of over 750 units, had been sold out and profits derived therefrom had been recognized in the previous statements of profit or loss. Superstructure works of **Botanica Phase 3** 寶翠園三期, comprises 12 blocks of about 530 units, are in progress and expected to be completed by stages through financial year 2015/16. Two blocks of the above phase have been launched to the market for pre-sale. Up to the date of this report, about 80% has been sold and total contracted sales amounted to RMB225 million. Additional 2 blocks is scheduled to be launched to the market for pre-sale in next month upon obtaining the pre-sale consent.

BUSINESS REVIEW *(Continued)*

Property Development and Sales *(Continued)*


Partial view of apartments under Phase I of Metropolitan Oasis

Metropolitan Oasis 雅瑤綠洲, Nanhai, PRC

This project, situated in Da Li District, Nanhai with total gross floor area of approximately 273,000 sq.m., is also scheduled for development by phases. Phase 1 of the project comprises 71 units of completed 3-storey town houses of about 18,000 sq.m. and 24 blocks of high-rise apartments of about 121,000 sq.m. under construction which are expected to be completed by stages through financial year 2015/16. The above town houses and four blocks of apartment units have been launched to the market for sale and about 75% of which have been sold up to the date of this report, generated sale proceeds amounting to RMB320 million. The delivery of above sold town houses and apartment units to individual purchasers is in progress and profits derived from the delivered units have been recognized in the statements of profit or loss.

The Dong Guan Zhuan Road and the Beijing Nan Road projects, Guangzhou, PRC

The development sites at Dong Guan Zhuan Road, Tian He District and 45-107 Beijing Nan Road, Yue Xiu District are both under the planning and design stage.

Enterprise Square 僑城坊, Shenzhen, PRC

The project, which measures a site area of 48,764 sq.m. and with total gross floor area of approximately 224,500 sq.m., is situated at Qiaoxiang Road North, Nanshan District. It is to be developed into 12 blocks of buildings for composite use in which the Group has 20% interest. Foundation works of this project will be completed by next quarter.

Property Investment

Shenzhen, PRC

Superstructure works of **Hon Kwok City Commercial Centre** 漢國城市商業中心, with total gross floor area of 128,000 sq.m. and situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Fu Tian District, are in progress. This 80-storey commercial/office/residential tower is planned to be held by the Group for recurrent rental income upon completion of construction which is expected to be in 2015.


Hon Kwok City Commercial Centre – superstructure works in progress

The retail shops at ground level and the entire level 2 of the 5-storey commercial podium of **City Square** 城市天地廣場, situated at Jia Bin Road, Luo Hu District, are fully let. The average occupancy and room rates of **The Bauhinia Hotel (Shenzhen)** 寶軒酒店（深圳）, a 162-room hotel at levels 3 to 5 of the above podium and **City Suites** 寶軒公寓, a 64-unit serviced apartments atop of the same podium, are satisfactory.

BUSINESS REVIEW *(Continued)*

Property Investment *(Continued)*

Guangzhou, PRC

Ganghui Dasha 港滙大廈, a 20-storey commercial/office building, is situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District. Its current occupancy rate is about 90%.

The Bauhinia Hotel (Guangzhou) 寶軒酒店（廣州）, a 166-room hotel leased by the Group and situated at Jie Fang Nan Road, Yue Xiu District, maintains an average occupancy and room rates at a satisfactory level.

Chongqing, PRC

Chongqing Hon Kwok Centre 重慶漢國中心, a 21-storey twin-tower office building atop of a 4-storey retail/commercial podium and situated in Bei Bu Xin Qu, is fully let.

The certificate of comprehensive completion of **Jinshan Shangye Zhongxin** 金山商業中心, adjacent to the above **Chongqing Hon Kwok Centre** 重慶漢國中心, is expected to be granted soon and air-conditioning and internal finishing works to be followed then. This twin-tower project, with total gross floor area of 133,502 sq.m. comprising a grade A office tower and a 5-star hotel plus serviced apartments/office building with respective retail/commercial podium, intends to be held by the Group for recurrent rental income.

Jinshan Shangye Zhongxin – pending issuance of certificate of comprehensive completion

Hong Kong

Above 80% of the retail areas at ground level of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central is leased out. The average occupancy rate of **The Bauhinia Hotel (Central)** 寶軒酒店（中環）, a 42-room boutique hotel situated at four podium floors of the aforesaid building, is over 90% with encouraging room rates whilst that of **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, approximates 80%.

The average occupancy rate of **The Bauhinia Hotel (TST)** 寶軒酒店（尖沙咀）, a 44-room boutique hotel situated at the upper floors of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, is about 75% with satisfactory room rates. Renovation works for conversion of the lower floors of the above building into additional 54 hotel rooms have been completed pending issuance of occupation permit and hotel licence which are expected to be obtained in the coming months. Thereafter, the whole building will be operated as a 98-room boutique hotel occupying 20 storeys with the remaining floors for lease as restaurant/commercial use.

The current occupancy rate of **Hon Kwok Jordan Centre** 漢國佐敦中心, a 23-storey commercial/office building situated at Hillwood Road, Tsim Sha Tsui, exceeds 95% with satisfactory rental rates upon renewal of tenancies.

BUSINESS REVIEW *(Continued)*

Property Investment *(Continued)*

The Bauhinia Chains of Hotels and Serviced Apartments

At present, about 650 guest rooms are operating under the brand name of "The Bauhinia" in Hong Kong, Shenzhen and Guangzhou to cater for the accommodation needs of short-stay or longer-term visitors/business travellers and contributing approximately 40% of the Group's recurrent rental and service income. Upon issuance of hotel licence, additional rooms in **The Bauhinia Hotel (TST)** 寶軒酒店（尖沙咀）will be available to cope with the anticipated growth in demand from overnight visitors in Hong Kong. More hotel rooms will also be added to our portfolio upon completion of the 5-star hotel in Chongqing.

The Bauhinia Hotel (Chongqing)

The Bauhinia Hotel (Guangzhou)

The Bauhinia Hotel (Shenzhen)

City Suites, Shenzhen

The Bauhinia Hotel (TST), Hong Kong

The Bauhinia Apartment, Central, Hong Kong
The Bauhinia Hotel (Central), Hong Kong

	Hotels & Apartments	No. of Rooms
1.	The Bauhinia Hotel (Chongqing), PRC	300 (in the course of renovation)
2.	The Bauhinia Hotel (Guangzhou), PRC	166
3.	The Bauhinia Hotel (Shenzhen), PRC	162
4.	City Suites, Shenzhen, PRC	64
5.	The Bauhinia Apartment, Central, Hong Kong	171
6.	The Bauhinia Hotel (Central), Hong Kong	42
7.	The Bauhinia Hotel (TST), Hong Kong	98 (in the course of completion)
	Total:	1,003

OUTLOOK

The U.S. economy contracted in the first quarter for the first time in three years but is generally expected to be rebounded in the second quarter. In Eurozone, the economy remained sluggish and more easing monetary policy is likely to be implemented even after cutting its interest rates to record low recently. If the existing political instabilities in Europe and the middle east are not to be worsened, global economic recovery can be expected to pick up speed as the year progresses.

In Mainland China, its economy in the first quarter recorded the slowest growth in eighteen months. To support growth and first-home buyers, the Central Government will continue to adopt a more accommodative monetary policy and differentiated mortgage policy but is unlikely to loosen the home purchase restriction guidelines in top-tier cities. Nevertheless, core demands from urbanization, upgraded industries and growing population are expected to keep the real estate market sustainable in the medium term especially in major cities.

In Hong Kong, property developers are likely to continue a steady launch of primary residential projects following the proposed fine-tuning of Double Stamp Duty whilst rental growth in commercial/office sectors is expected to be stable. However, property measures will remain in place in order to avoid a housing bubble.

Finally, I wish to express my sincere thanks to my fellow directors for their valuable advices and all staff members for their dedicated hard work during the year under review.

James Sai-Wing Wong
Chairman

Hong Kong, 26 June 2014

DIRECTORS

James Sai-Wing Wong

Aged 76, was appointed as the Managing Director of the Company in 1985 and became the Chairman in 1990. He is the Chairman of Chinney Investments, a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), all being substantial shareholders of the Company. He is also the Chairman of Chinney Alliance. Except Chinney Holdings and Lucky Year, all the other companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was appointed a Justice of the Peace for Hong Kong in 1987.

Madeline May-Lung Wong

Aged 74, was appointed as a director of the Company in 1985. She is a director of Chinney Investments, Chinney Holdings and Lucky Year, all being substantial shareholders of the Company. She is also a director of HKR International Limited. Chinney Investments and HKR International Limited are both listed on the Main Board of the Stock Exchange.

Herman Man-Hei Fung

Aged 76, was appointed as the General Manager of the Company in 1986, a director of the Company in 1988 and Managing Director in 1991. Mr. Fung stepped down from the executive post of Managing Director on 31 October 2002 and became Vice-Chairman of the Company since 1 November 2002. He is the Managing Director of Chinney Investments and a director of Chinney Holdings and Lucky Year, all being substantial shareholders of the Company. He is also a non-executive director of Chinney Alliance. Both Chinney Investments and Chinney Alliance are listed on the Main Board of the Stock Exchange. He has actively participated in the property investment and development business for the past 43 years and has extensive experience in finance, marketing, construction and general administration of the real estate business. Mr. Fung was appointed a member of the Board of Review (Inland Revenue Ordinance) Hong Kong from November 1996 to June 2005.

DIRECTORS *(Continued)*

Zuric Yuen-Keung Chan

Aged 59, was appointed as a director of the Company in December 2003 and re-designated as an Executive Director of the Company in January 2007. He is also the Vice-Chairman and Managing Director of Chinney Alliance, which is listed on the Main Board of the Stock Exchange. He has 40 years of experience in the construction industry. He is a member of the Chartered Institute of Building.

Xiao-Ping Li

Aged 62, joined the Group in 1999 and was appointed as an Executive Director of the Company in December 2009. He has over 35 years of experience in economics and management in the People's Republic of China ("PRC"). He has obtained a senior economist qualification certificate of PRC. He is a member of the Plant Maintenance Association of Chinese Mechanical Engineering Society.

Emily Yen Wong

Aged 48, was appointed as an alternate director to Madam Madeline May-Lung Wong, non-executive director of the Company, in November 2011 and re-designated as a non-executive director of the Company in June 2013. Dr. Emily Wong holds a Doctor of Medicine degree and an Executive Masters of Health Administration degree from University of Washington and is a diplomate of the American Board of Internal Medicine.

Dr. Emily Wong serves on the Executive Committee of Qiu Shi Science & Technologies Foundation. She is currently an Honorary Associate Professor of Department of Family Medicine and Primary Care in The University of Hong Kong Faculty of Medicine and is the Immediate Past Chief of Staff at the University of Washington Medical Center.

Dr. Emily Wong is a director of Lucky Year and Chinney Holdings, both of which are substantial shareholders of the Company. She is the daughter of Dr. James Sai-Wing Wong, Chairman and substantial shareholder of the Company, and Madam Madeline May-Lung Wong, non-executive director and substantial shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Daniel Chi-Wai Tse

Aged 79, was appointed as an independent non-executive director of the Company in 1993. He is the Council Chairman of the University of Macau and the President Emeritus of the Hong Kong Baptist University. He was the President and Vice-Chancellor of the Hong Kong Baptist University for 30 years and retired in June 2001. He holds a Ph.D. in Physics from the University of Pittsburgh, USA. He was appointed a Justice of the Peace for Hong Kong in 1977 and was awarded Gold Bauhinia Star in 1998.

Kenneth Kin-Hing Lam

Aged 60, was appointed as an independent non-executive director of the Company in 2004. He is the Deputy Chairman and Chief Executive Officer of Quam Limited, which is listed on the Main Board of the Stock Exchange. Mr. Lam is the Vice Chairman and past Chairman (2009-2010) of the Institute of Securities Dealers Limited. In 2013, he has also been appointed as the General Committee member of The Chamber of Hong Kong Listed Companies. He had worked for a Dutch international bank for 10 years as the head of its PRC and corporate banking operations. He has more than 30 years of experience in corporate finance and banking. Mr. Lam holds a Bachelor of Science Degree in University of Western Ontario with a double major in Computer Science and Economic (1976), and a Master of Business Administration in the 3-year MBA Program of The Chinese University of Hong Kong (1983). In 2012, he was conferred on Honorary Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctor of Laws by Lincoln University.

Hsin-Kang Chang

Aged 74, was appointed as an independent non-executive director of the Company in 2007. He is also an independent non-executive director of Brightoil Petroleum (Holdings) Limited and HKT Trust and HKT Limited, which are both listed on the Main Board of the Stock Exchange. He became an Honorary Professor of Tsinghua University and Wei Lun Senior Visiting Scholar in September 2007 and Yeh-Lu Xun Chair Professor in Social Sciences at Peking University in November 2007. He was the President and University Professor of City University of Hong Kong from 1996 to 2007. Prior to that, he served as Dean of the School of Engineering of the University of Pittsburgh, USA, Founding Dean of the School of Engineering of the Hong Kong University of Science and Technology and the Chairman of Department of Biomedical Engineering of University of Southern California, USA. Professor Chang taught at several major universities in North America and served in a number of science and technology organisations and public advisory bodies in the United States and Hong Kong.

Professor Chang holds a Bachelor's Degree in Civil Engineering from the National Taiwan University, a Master's Degree in Structural Engineering from Stanford University, USA and a Ph.D in Biomedical Engineering from Northwestern University, USA. He is a Foreign Member of the Royal Academy of Engineering of the United Kingdom, an Academician of the International Eurasian Academy of Sciences, a Chevalier dans l'Ordre National de la Légion d'Honneur of France and a Commandeur dans l'Ordre des Palmes Académiques of France. He was appointed a Justice of the Peace in 1999 and was awarded Gold Bauhinia Star in 2002 by the Government of Hong Kong.

SENIOR MANAGEMENT

Jason Chi-Kit Tso

Aged 49, joined the Company in 1998 and is the Executive Director of Hon Kwok Land Investment (China) Limited. He has 26 years of experience in the field of architecture, project management and property development. He is an Authorised Person under the list of architects. He holds a Bachelor's Degree in Architecture from The University of Hong Kong and is a member of the Hong Kong Institute of Architects.

Thomas Hang-Cheong Ma

Aged 48, joined the Company in 1994 and is the Director of Finance and Company Secretary of the Company. He has 25 years of experience in the accounting field. He holds a Bachelor's Degree in Accountancy from the City University of Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Calvin Ming-Yui Ng

Aged 42, joined the Company in 2009 and is the Director – Corporate Finance of the Company. He has 19 years of experience in investment banking and accounting sectors. He graduated from The University of Hong Kong with a Bachelor of Business Administration degree and obtained a Master of Science (Financial Management) degree from the University of London. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Chi-Kin Lam

Aged 59, joined the Company in 2003 and is the Assistant General Manager – Asset Management of the Company. He has 29 years of experience in large scale parking facilities and property services management. He is a chartered member of the Chartered Institute of Logistics and Transport.

Stephen Chun-Piu Lee

Aged 47, joined the Company in 1990 and is the Senior Property Manager of the Company in charge of investment properties in Hong Kong. He has 24 years of experience in property investment and development.

The board of directors of the Company (the "Board") is committed to maintain and ensure high standards of corporate governance and is continuously reviewing and improving the corporate governance practices and standards of the Group to ensure that business activities and decision making processes are regulated in a proper manner.

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year under review, except for the deviations as disclosed in this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for directors' securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The directors of the Company during the year ended 31 March 2014 were:

Executive Directors

James Sai-Wing Wong *(Chairman)*
Zuric Yuen-Keung Chan
Xiao-Ping Li

Non-Executive Directors

Madeline May-Lung Wong
Herman Man-Hei Fung *(Vice-Chairman)*
Emily Yen Wong (re-designated as a non-executive director on 28 June 2013)

Independent Non-Executive Directors

Daniel Chi-Wai Tse
Kenneth Kin-Hing Lam
Hsin-Kang Chang

Details of background and qualifications of each director are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 11 to 14 of this annual report.

BOARD OF DIRECTORS *(Continued)*

The Board is responsible for the overall strategic development of the Group. It also monitors the financial performance and the internal controls of the Group's business operations. Executive directors are responsible for running the Group and executing the strategies adopted by the Board. The day-to-day operation of the Group is delegated to the management with department heads responsible for different aspects of the business and functions.

Non-executive directors (including the independent non-executive directors) serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meetings.

The Board considers that each independent non-executive director of the Company is independent in character and judgement. The Company has received from each independent non-executive director a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules.

The Board meets at least twice each year at approximately half a year interval to discuss the Group's business development, operation and financial performance. Notice of at least 14 days is given to all directors for all regular board meetings to give all directors an opportunity to attend. All regular board meetings adhere to a formal agenda in which a schedule of matters is addressed to the Board. All directors have access to board papers and related materials, and are provided with adequate information which enable the Board to make an informed decision on the matters to be discussed and considered at the board meetings. Minutes of board meetings are kept by the Company Secretary and are open for inspection by any director at any reasonable time.

To the best knowledge of the directors, there is no financial, business and family relationships among the members of the Board except that (i) James Sai-Wing Wong and Madeline May-Lung Wong are partners in certain investments (including their interests in the Company) and (ii) Emily Yen Wong is the daughter of James Sai-Wing Wong and Madeline May-Lung Wong.

During the year under review, two full board meetings were held. As business operations were under the management and supervision of the executive directors of the Company, who had from time to time held meetings to resolve all material business or management issues, thus only two full board meetings were held for the year ended 31 March 2014.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman and chief executive officer were not performed by separate individuals as stipulated in CG Code provision A.2.1. James Sai-Wing Wong, Chairman of the Company, assumes the role of the Chairman and also the chief executive officer who is responsible for overseeing the function of the Board and formulating overall strategies of and organising the implementation structure for the Company as well as managing the Group's overall business operations. Given the nature of the Group's businesses which require considerable market expertise, the Board believes that the vesting of the two roles for the time being provides the Group with stable and consistent leadership and allows for more effective planning and implementation of long term business strategies. The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.

NON-EXECUTIVE DIRECTORS

The non-executive directors of the Company are not appointed for a specific term as stipulated in CG Code provision A.4.1, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company (the "Articles of Association"). The Articles of Association do not require the directors to retire by rotation at least once every three years. However, in accordance with article 104 of the Articles of Association, at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), other than the one who holds the office as executive chairman or managing director, shall retire from office by rotation. The Board will ensure the retirement of each director, other than the one who holds the office as executive chairman or managing director, by rotation at least once every three years in order to comply with the CG Code provisions.

The Chairman will not be subject to retirement by rotation as stipulated in CG Code provision A.4.2 as the Board considers that the continuity of office of the Chairman provides the Group with a strong and consistent leadership and is of great importance to the smooth operations of the Group.

All directors appointed to fill a casual vacancy is subject to re-election by shareholders at the next following annual general meeting of the Company instead of at the first general meeting after their appointment as stipulated in CG Code provision A.4.2.

At the forthcoming annual general meeting, in accordance with article 104 of the Articles of Association, Madeline May-Lung Wong, Daniel Chi-Wai Tse and Hsin-Kang Chang shall retire by rotation. Madeline May-Lung Wong has notified the Company that she has decided not to stand for re-election at the forthcoming annual general meeting. The other two retiring directors, being eligible, shall offer themselves for re-election.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company Secretary updates directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements as well as the business environment regarding subjects necessary in the discharge of their duties. All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Directors are required to submit to the Company annually details of training sessions undertaken by them in each financial year for the Company to maintain a training record for its directors. According to the training records maintained by the Company, the trainings received by each of the directors during the year ended 31 March 2014 is summarised as follows:

Name of director	Type of trainings
Executive Directors	
James Sai-Wing Wong	A, B
Zuric Yuen-Keung Chan	B
Xiao-Ping Li	A, B
Non-Executive Directors	
Madeline May-Lung Wong	B
Herman Man-Hei Fung	B
Emily Yen Wong *(re-designated as a non-executive director on 28 June 2013)*	A, B
Independent Non-Executive Directors	
Daniel Chi-Wai Tse	B
Kenneth Kin-Hing Lam	A, B
Hsin-Kang Chang	A, B

A: attending seminars/conferences/forums
B: reading newspapers, journals and updates relating to the economy, general business, real estate, corporate governance and director's duties and responsibilities

CORPORATE GOVERNANCE FUNCTION

The Board is collectively responsible for performing the corporate governance duties including:

(a) to develop, review and update the Company's policy and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(d) to review the Company's compliance with the CG Code and disclosure in the "Corporate Governance Report"; and

(e) to perform such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board is responsible.

REMUNERATION OF DIRECTORS

The Remuneration Committee was established in December 2005. The Remuneration Committee currently comprises three members, namely Daniel Chi-Wai Tse, Kenneth Kin-Hing Lam and Herman Man-Hei Fung. The Chairman of the Remuneration Committee is Daniel Chi-Wai Tse.

The Remuneration Committee's function is to review and recommend to the Board on the remuneration packages of the executive directors. CG Code provision B.1.2 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company has adopted the revised terms of reference of the Remuneration Committee on 30 March 2012 with certain deviations from the CG Code provisions. Pursuant to the revised terms of reference, the Remuneration Committee should review and make recommendations to the Board on the remuneration packages of directors (as opposed to directors and senior management).

During the year under review, the Remuneration Committee held one meeting, during which the existing remuneration of all directors have been reviewed individually.

AUDIT COMMITTEE

The Audit Committee was established in 2001. The Audit Committee currently comprises three members, namely Kenneth Kin-Hing Lam, Daniel Chi-Wai Tse and Hsin-Kang Chang and they are all independent non-executive directors of the Company. The Chairman of the Audit Committee is Kenneth Kin-Hing Lam. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee.

The Audit Committee's functions include:

- to review and monitor financial reporting and the reporting judgement contained in them; and

- to review financial and internal controls, accounting policies and practices with management and external auditors.

The Audit Committee held two meetings during the year under review, which were attended by the external auditors, Ernst & Young and the work performed by the Audit Committee included the review of the following:

- the half-yearly and annual results and the related financial reporting matters;

- the financial and accounting policies and practices of the Group;

- the relationships with external auditors, including remuneration, independence, objectivity and effectiveness of the audit process; and

- the effectiveness of the Group's financial and internal controls and risk management system.

Draft minutes of the Audit Committee meetings are circulated to members of Audit Committee for comments and the signed minutes are kept by the Company Secretary.

ATTENDANCE AT MEETINGS OF THE BOARD, REMUNERATION AND AUDIT COMMITTEES AND GENERAL MEETING

	Number of meetings attended during the year ended 31 March 2014			
	Board Meetings	**Remuneration Committee Meeting**	**Audit Committee Meetings**	**Annual General Meeting held on 29 August 2013**
Number of meetings held during the year ended 31 March 2014	2	1	2	1
James Sai-Wing Wong	2	N/A	N/A	1
Madeline May-Lung Wong	0	N/A	N/A	0
Herman Man-Hei Fung	2	1	2	1
Zuric Yuen-Keung Chan	2	N/A	2	1
Xiao-Ping Li	2	N/A	N/A	0
Emily Yen Wong *(re-designated as a non-executive director on 28 June 2013)*	0	N/A	N/A	0
Daniel Chi-Wai Tse	0	1	1	0
Kenneth Kin-Hing Lam	1	1	2	0
Hsin-Kang Chang	1	N/A	2	1

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of a candidate to act as a director, and collectively approving and terminating the appointment of a director as this allows a more informed and balanced decision to be made. During the year under review, the Company has not established a nomination committee. In view of his expertise in property industry, the Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will determine the suitability of the relevant candidates on the basis of their gender, age, professional qualifications and experience as well as educational background.

AUDITORS' REMUNERATION

During the year under review, the Group had engaged its external auditors, Ernst & Young, to provide the following services and their respective fees charged are set out as below.

	Fees paid/payable *HK$'000*
Types of services	
Audit services	1,998
Non-audit services (tax compliance services and other services)	431
	2,429

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE ACCOUNTS

The directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out in the Independent Auditors' Report on pages 37 and 38 of this annual report.

INTERNAL CONTROLS

The Board is responsible for ensuring that the Group maintains sound and effective internal controls to safeguard the assets of the Group and protect the interests of its shareholders.

The Board has conducted a review of the effectiveness of the internal control system of the Group and the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions. The review covered relevant financial, operational and compliance controls as well as risk management functions. The Board has concluded that the Group's overall system of internal control has effectively exercised its functions and that the Group's accounting staff are adequate and qualified to manage the accounting and financial reporting functions properly during the year.

COMPANY SECRETARY

The Company Secretary is responsible for advising the Board on corporate governance and other related matters as well as ensuring good information flow within the Board.

During the year ended 31 March 2014, the Company Secretary undertook no less than 15 hours of relevant professional training.

CONSTITUTIONAL DOCUMENTS

During the year, there is no significant change in the Company's constitutional documents.

Nevertheless, under the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "new CO") effective on 3 March 2014, the memorandum of association of the Company (the "Memorandum") has been abolished. The conditions of the Memorandum immediately before the new CO is deemed to be regarded as provisions of the Articles of Association, except that any such condition setting out the authorised share capital and the par value of shares are regarded as deleted. All shares of the Company issued before the effective of the new CO are deemed to have no par value.

SHAREHOLDERS' RIGHTS

1. Convening of extraordinary general meeting on requisition by shareholders

Pursuant to Section 566 of the new CO, shareholders representing at least 5% of the total voting rights of all the shareholders are entitled to send a request to the Company to convene an extraordinary general meeting. Such request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. A request may be sent to the Company in hard copy form or in electronic form and must also be authenticated by the person or persons making it.

2. Procedures for sending enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board by addressing them to the Company Secretary at the registered office of the Company and the Company Secretary shall then forward the same to the appropriate executives of the Company or members of the Board for further handling.

3. Procedures for putting forward proposals at an annual general meeting by shareholders

Pursuant to Section 615 of the new CO, shareholders representing at least 2.5% of the total voting rights of all the shareholders or at least 50 shareholders can request the Company to give notice of a resolution that may properly be moved and is intended to be moved at an annual general meeting. A request may be sent to the Company in hard copy form or in electronic form and must identify the resolution of which notice is to be given. It must be authenticated by the person or persons making it and be received by the Company not later than 6 weeks before the annual general meeting to which the requests relate; or if later, the time at which notice is given of that meeting.

COMMUNICATIONS WITH SHAREHOLDERS

The Board recognises the importance of good communications with all shareholders and is committed to maintaining a policy of open and timely disclosure of relevant information on its attributes to shareholders and other stakeholders through the publication of interim and annual reports, public announcements and other public circulars, all of which are available on the Company's website.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' prior notice is given. The Chairman of the Board as well as the chairmen of the board committees (or in their absence, other members of the committees) together with the external auditors are available to answer shareholders' questions at the meeting. At the general meeting, each substantially separate issue will be considered by a separate resolution, including the election of individual directors, and the poll procedures will be clearly explained.

REPORT OF THE DIRECTORS

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides management services to its subsidiaries. Its subsidiaries are mainly engaged in property development, property investment and property related activities. There have been no changes in the nature of the Group's principal activities during the year. Further details of the Company's principal subsidiaries are set out in note 16 to the financial statements.

FINANCIAL RESULTS

The Group's profit for the year ended 31 March 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 39 to 124.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$4,035 million as at 31 March 2014 (2013: HK$3,569 million), of which approximately 40% (2013: 37%) of the debts were classified as current liabilities. Included therein were debts of HK$196 million (2013: HK$184 million) related to bank loans with repayable on demand clause and HK$1,045 million related to project loans which will be refinanced during the forthcoming financial year. Based on the repayment schedules pursuant to the related loan agreements and assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts was approximately 9%. The increase in total debts was mainly due to the refinancing of certain investment properties with increased facilities and the drawdown of construction bank loans for mainland development projects.

Total cash and bank balances including time deposits were approximately HK$804 million as at 31 March 2014 (2013: HK$535 million). The Group had committed but undrawn banking facilities of a total of approximately HK$598 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2014 were approximately HK$5,923 million (2013: HK$4,922 million). The increase was mainly due to current year's profit attributable to shareholders.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK$3,231 million (2013: HK$3,034 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$6,177 million (2013: HK$5,175 million), was 52% as at 31 March 2014 (2013: 59%).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Use of proceeds from the rights issue

The net proceeds of HK$641 million from the rights issue have been utilized by (i) HK$288 million for repayment of bank loans and (ii) HK$103 million for settlement of construction/renovation costs of the Group's projects and as general working capital in accordance with the proposed applications as set out in the Company's prospectus dated 30 December 2013. Out of the remaining sum of HK$250 million, pending application for the purpose (ii) above, HK$215 million is being retained as cash and bank balances as at 31 March 2014 and HK$35 million is being temporarily utilized for partial repayment of other outstanding bank loans.

Funding and treasury policies

The Group adopts prudent funding and treasury policies. Surplus funds are primarily maintained in the form of cash deposits with leading banks.

Acquisition and development of properties are financed partly by internal resources and partly by bank loans. Repayments of bank loans are scheduled to match asset lives and project completion dates. Bank loans are mainly denominated in Hong Kong dollars and Renminbi and bear interest at floating rates.

Foreign currency exposure is monitored closely by management and hedged to the extent desirable. As at 31 March 2014, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Properties and bank balances with an aggregate carrying value of approximately HK$8,168 million as at 31 March 2014 were pledged to secure certain banking facilities of the Group.

Contingent liabilities

Particulars of the contingent liabilities of the Group are set out in note 29 to the financial statements.

Employees and remuneration policies

The Group, not including its joint venture and an associate, employed approximately 360 employees as at 31 March 2014. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover, provident fund, personal accident insurance and educational subsidies to all eligible staff.

DIVIDEND

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2014 (2013: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 5 September 2014. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 22 September 2014.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 28 August 2014. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 25 August 2014 to 28 August 2014 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 22 August 2014.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2014 is subject to the approval by the shareholders at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on 4 September 2014 and 5 September 2014, during which period no share transfers will be registered. The last day for dealing in the Company's shares cum entitlements to the proposed final dividend will be 1 September 2014. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 3 September 2014.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out on page 125. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 14 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 15 to the financial statements.

PARTICULARS OF PROPERTIES

Particulars of the major properties held by the Group are set out on pages 126 to 130, which do not form part of the audited financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 26 to the financial statements and in the consolidated statement of changes in equity, respectively.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 27(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2014, the Company's reserves available for distribution, calculated in accordance with the provisions of Section 48 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), amounted to HK$701,620,000, of which HK$90,054,000 has been proposed as a final dividend for the year. In addition, the amount previously included in the Company's share premium account and transferred to issued capital during the year of HK$798,862,000, may be distributed in the form of fully paid bonus shares.

DIRECTORS

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

James Sai-Wing Wong
Madeline May-Lung Wong
Herman Man-Hei Fung
Zuric Yuen-Keung Chan
Xiao-Ping Li
Emily Yen Wong (re-designated as a non-executive director on 28 June 2013)
Daniel Chi-Wai Tse*
Kenneth Kin-Hing Lam*
Hsin-Kang Chang*

* *Independent non-executive directors*

In accordance with article 104 of the Articles of Association, Madeline May-Lung Wong, Daniel Chi-Wai Tse and Hsin-Kang Chang will retire by rotation at the forthcoming annual general meeting. Madeline May-Lung Wong has notified the Company that she has decided not to stand for re-election at the forthcoming annual general meeting. The other two retiring directors, being eligible, will offer themselves for re-election.

Dr. Daniel Chi-Wai Tse has served as an independent non-executive director of the Company for more than nine years. He satisfies the independence criteria set out in Rule 3.13 of the Listing Rules. Dr. Tse has extensive knowledge and experience in the academic sector and provide valuable independent advice to the Board. He is free from any business or other relationship with the Company which could interfere with his exercise of independent judgment. The Board believes that Dr. Tse is still independent and his re-election is in the best interests of the Company and the shareholders as a whole.

The Company has received from each of its independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and still considers them as independent.

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED

(a) Daniel Chi-Wai Tse

Aged 79, was appointed as an independent non-executive director of the Company in 1993. Dr. Tse was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Dr. Tse is the Council Chairman of the University of Macau and the President Emeritus of the Hong Kong Baptist University. He was the President and Vice-Chancellor of the Hong Kong Baptist University for 30 years and retired in June 2001. He holds a Ph.D. in Physics from the University of Pittsburgh, USA. He was appointed a Justice of the Peace for Hong Kong in 1977 and was awarded Gold Bauhinia Star in 1998.

At the date of this report, Dr. Tse did not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Other than his capacity as a director of the Company, Dr. Tse does not have any other business relationship with any directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Dr. Tse. He is entitled to a director's fee of HK$75,000 per annum.

Save as disclosed above, there is no other information relating to Dr. Tse which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that need to be brought to the attention of the shareholders of the Company.

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED *(Continued)*

(b) Hsin-Kang Chang

Aged 74, was appointed as an independent non-executive director of the Company in 2007. Professor Chang was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Professor Chang is an independent non-executive director of Brightoil Petroleum (Holdings) Limited and HKT Trust and HKT Limited, which are both listed on the Main Board of the Stock Exchange. He became an Honorary Professor of Tsinghua University and Wei Lun Senior Visiting Scholar in September 2007 and Yeh-Lu Xun Chair Professor in Social Sciences at Peking University in November 2007. He was the President and University Professor of City University of Hong Kong from 1996 to 2007. Prior to that, he served as Dean of the School of Engineering of the University of Pittsburgh, USA, Founding Dean of the School of Engineering of the Hong Kong University of Science and Technology and the Chairman of Department of Biomedical Engineering of University of Southern California, USA. Professor Chang taught at several major universities in North America and served in a number of science and technology organisations and public advisory bodies in the United States and Hong Kong.

Professor Chang holds a Bachelor's Degree in Civil Engineering from the National Taiwan University, a Master's Degree in Structural Engineering from Stanford University, USA and a Ph.D in Biomedical Engineering from Northwestern University, USA. He is a Foreign Member of the Royal Academy of Engineering of the United Kingdom, an Academician of the International Eurasian Academy of Sciences, a Chevalier dans l'Ordre National de la Légion d'Honneur of France and a Commandeur dans l'Ordre des Palmes Académiques of France. He was appointed a Justice of the Peace in 1999 and was awarded Gold Bauhinia Star in 2002 by the Government of Hong Kong.

At the date of this report, Professor Chang did not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Other than his capacity as a director of the Company, Professor Chang does not have any other business relationship with any directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Professor Chang. He is entitled to a director's fee of HK$75,000 per annum.

Save as disclosed above, there is no other information relating to Professor Chang which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that need to be brought to the attention of the shareholders of the Company.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 11 to 14 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2014, the interests and short positions of the directors of the Company in the share, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Directors' interests in the ordinary shares of the Company

Name of director	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
James Sai-Wing Wong	*1 & 2*	Through controlled corporation	489,164,139	67.90
Madeline May-Lung Wong	*1 & 2*	Through controlled corporation	489,164,139	67.90
Herman Man-Hei Fung	*1*	Beneficially owned	500,000	0.07

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

(b) Directors' interests in the ordinary shares of associated corporations

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued shares/ paid-up registered capital
James Sai-Wing Wong	*1 & 3*	Chinney Investments	Through controlled corporation	347,759,324	63.07
	1	Chinney Investments	Beneficially owned	480,000	0.09
	1 & 4	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Chinney Holdings	Beneficially owned	100,000	1.00
	1	Lucky Year	Beneficially owned	10,000	50.00
	1 & 5	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 6	Chinney Trading Company Limited	Through controlled corporations	10,400	80.00
Madeline May-Lung Wong	*1 & 3*	Chinney Investments	Through controlled corporation	347,759,324	63.07
	1 & 4	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Lucky Year	Beneficially owned	10,000	50.00

Notes:

1. *All the interests stated above represent long positions.*
2. *These shares are beneficially held by Chinney Investments, which is a subsidiary of Chinney Holdings. More than one-third of the equity capital of Chinney Holdings is owned by Lucky Year of which James Sai-Wing Wong and Madeline May-Lung Wong are also directors and have beneficial interests therein.*
3. *These shares are beneficially held by Chinney Holdings. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*
4. *These shares are beneficially held by Lucky Year. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*
5. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is held by a wholly-owned subsidiary of the Company and RMB74,000,000 is held by a company controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in this company.*
6. *Out of the 10,400 shares, 2,600 shares are held by a wholly-owned subsidiary of the Company and the remaining 7,800 shares are held by a company controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in this company.*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Save as disclosed herein, as at 31 March 2014, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in note 33 to the financial statements, none of the directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group.

The remuneration of the directors of the Company is reviewed by the Remuneration Committee having regard to the Company's operating results, individual performance of the directors and comparable market statistics.

MANAGEMENT CONTRACTS

The Company has entered into a management contract with Chinney Investments for the provision of general corporate management services. The contract is for an unspecified duration and may be terminated by either party by giving the other party two-month written notice.

During the year, the Company paid a management fee of HK$9,000,000 to Chinney Investments (2013: HK$9,000,000). James Sai-Wing Wong, Madeline May-Lung Wong and Herman Man-Hei Fung, the directors of the Company, are also the directors of Chinney Investments.

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

As at 31 March 2014, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than the directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Chinney Investments	*1 & 2*	Directly beneficially owned	489,164,139	67.90
Chinney Holdings	*1 & 2*	Through controlled corporation	489,164,139	67.90
Lucky Year	*1 & 2*	Through controlled corporation	489,164,139	67.90

Notes:

1. *All the interests stated above represent long positions.*

2. *Chinney Investments, Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of Section 316 of the SFO.*

Save as disclosed herein, as at 31 March 2014, none of the substantial shareholders or other persons (other than the directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, (i) James Sai-Wing Wong, Chairman of the Company, has deemed interests and holds directorships in companies engaged in the businesses of property investment; and (ii) Madeline May-Lung Wong is a director of HKR International Limited, whose group's businesses consist of property development and property investment. In this respect, James Sai-Wing Wong and Madeline May-Lung Wong are regarded as being interested in businesses which might compete with the Group.

As the Board is independent from the board of those entities and maintains three independent non-executive directors, the Group is therefore capable of carrying on its businesses independently of, and at arm's length with, the businesses of those entities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2014.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

In June 2012, Hon Kwok Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the "HK$600 million Facility Agreement") relating to a HK$600 million transferable term and revolving loan facilities (the "HK$600 million Loan Facilities") with a syndicate of banks. The HK$600 million Loan Facilities have a term of 36 months commencing from the date of the HK$600 million Facility Agreement and to be used to refinance the previous HK$400 million transferable term and revolving loan facilities with outstanding balance of HK$272 million and as general working capital of the Group.

Pursuant to the HK$600 million Facility Agreement, it shall be an event of default if (i) Chinney Investments ceases to be the single largest shareholder of the Company or ceases to hold (whether directly or indirectly) not less than 30% of the effective shareholding in the Company; or (ii) James Sai-Wing Wong, Chairman of both the Company and Chinney Investments, ceases to be the major beneficial ultimate shareholder of Chinney Investments.

If an event of default under the HK$600 million Facility Agreement occurs, the agent acting for the lending banks may, and shall if so requested by a majority of the lending banks, terminate the HK$600 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK$600 million Loan Facilities to be immediately due and payable.

CONNECTED TRANSACTION

On 29 May 2014, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement for the acquisition of a villa located in Longgang District, Shenzhen, PRC from a wholly-owned subsidiary of Chinney Alliance for a cash consideration of HK$8,063,000. The above acquisition constituted a connected transaction for the Company and was subject to the reporting and announcement requirements but was exempt from independent shareholders' approval. For details, please refer to the Company's announcement dated 29 May 2014. The above transaction is scheduled to be completed by the end of June 2014.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued shares was held by the public as at the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, purchases from the Group's five largest suppliers accounted for 72% of the total purchases for the year. Purchases from the Group's largest supplier included therein totalled 34%. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

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

AUDITORS

Ernst & Young retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Herman Man-Hei Fung
Vice-Chairman

Hong Kong, 26 June 2014

To the shareholders of Hon Kwok Land Investment Company, Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Hon Kwok Land Investment Company, Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 124, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

26 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	5	**382,237**	238,370
Cost of sales		**(174,191)**	(96,196)
Gross profit		**208,046**	142,174
Other income and gains	5	**8,498**	10,623
Fair value gains on investment properties, net		**588,208**	412,424
Gain on disposal of investment properties, net		**1,057**	2,269
Administrative expenses		**(79,572)**	(74,139)
Other operating expenses, net		**(25,196)**	(10,756)
Finance costs	6	**(71,794)**	(56,692)
Share of profits and losses of a joint venture and an associate		**(14)**	–
PROFIT BEFORE TAX	7	**629,233**	425,903
Income tax expense	10	**(191,700)**	(24,641)
PROFIT FOR THE YEAR		**437,533**	401,262
Attributable to:			
Owners of the Company	11	**436,782**	401,863
Non-controlling interests		**751**	(601)
		437,533	401,262
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		*(Restated)*
Basic		**82.8 HK cents**	83.2 HK cents
Diluted		**82.8 HK cents**	83.2 HK cents

Details of the proposed final dividend for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
PROFIT FOR THE YEAR		**437,533**	401,262
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of an associate		**105**	–
Exchange differences on translation of foreign operations		**(18,967)**	113,905
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(18,862)**	113,905
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**418,671**	515,167
Attributable to:			
Owners of the Company	*11*	**417,896**	509,954
Non-controlling interests		**775**	5,213
		418,671	515,167

		Group		Company	
		2014	2013	**2014**	2013
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	**41,366**	46,412	**91**	148
Investment properties	*15*	**7,310,072**	6,098,139	**–**	–
Investments in subsidiaries	*16*	**–**	–	**1**	1
Investment in a joint venture	*17*	**199**	199	**–**	–
Investment in an associate	*18*	**370,070**	369,979	**–**	–
Amounts due from subsidiaries	*16*	**–**	–	**787,515**	787,475
Total non-current assets		**7,721,707**	6,514,729	**787,607**	787,624
CURRENT ASSETS					
Amounts due from subsidiaries	*16*	**–**	–	**2,140,412**	1,855,112
Tax recoverable		**2,813**	1,194	**–**	–
Properties held for sale under development and completed properties held for sale	*19*	**2,518,436**	2,186,302	**–**	–
Trade receivables	*20*	**7,725**	1,098	**–**	–
Prepayments, deposits and other receivables	*21*	**87,172**	60,144	**2,421**	2,483
Pledged deposits	*22*	**116,370**	120,803	**–**	–
Cash and cash equivalents	*22*	**687,536**	414,595	**167,234**	7,687
Total current assets		**3,420,052**	2,784,136	**2,310,067**	1,865,282
CURRENT LIABILITIES					
Amounts due to subsidiaries	*16*	**–**	–	**833,794**	960,635
Trade payables and accrued liabilities	*23*	**155,084**	92,636	**8,312**	6,159
Interest-bearing bank borrowings	*24*	**1,601,588**	1,304,316	**34,000**	138,000
Customer deposits		**224,402**	91,445	**–**	–
Tax payable		**85,238**	67,612	**–**	–
Total current liabilities		**2,066,312**	1,556,009	**876,106**	1,104,794
NET CURRENT ASSETS		**1,353,740**	1,228,127	**1,433,961**	760,488
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,075,447**	7,742,856	**2,221,568**	1,548,112

STATEMENTS OF FINANCIAL POSITION *(Continued)*

31 March 2014

		Group		Company	
		2014	2013	**2014**	2013
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*24*	**2,433,303**	2,264,333	**–**	–
Deferred tax liabilities	*25*	**465,544**	303,211	**–**	–
Total non-current liabilities		**2,898,847**	2,567,544	**–**	–
Net assets		**6,176,600**	5,175,312	**2,221,568**	1,548,112
EQUITY					
Equity attributable to owners of the Company					
Issued capital	*26*	**1,519,301**	480,286	**1,519,301**	480,286
Reserves	*27*	**4,313,191**	4,381,711	**612,213**	1,007,790
Proposed final dividend	*12*	**90,054**	60,036	**90,054**	60,036
		5,922,546	4,922,033	**2,221,568**	1,548,112
Non-controlling interests		**254,054**	253,279	**–**	–
Total equity		**6,176,600**	5,175,312	**2,221,568**	1,548,112

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2014

		Attributable to owners of the Company								
	Notes	Issued capital HK$'000	Share premium account HK$'000	Capital redemption reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As 1 April 2012		480,286	396,352	10	561,494	2,973,937	60,036	4,472,115	248,066	4,720,181
Profit/(loss) for the year		–	–	–	–	401,863	–	401,863	(601)	401,262
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		–	–	–	108,091	–	–	108,091	5,814	113,905
Total comprehensive income for the year		–	–	–	108,091	401,863	–	509,954	5,213	515,167
Final 2012 dividend declared		–	–	–	–	–	(60,036)	(60,036)	–	(60,036)
Proposed final 2013 dividend	12	–	–	–	–	(60,036)	60,036	–	–	–
At 31 March 2013 and 1 April 2013		480,286	396,352*	10*	669,585*	3,315,764*	60,036	4,922,033	253,279	5,175,312
Profit for the year		–	–	–	–	436,782	–	436,782	751	437,533
Other comprehensive income/(loss) for the year:										
Exchange differences on translation of foreign operations		–	–	–	(18,886)	–	–	(18,886)	24	(18,862)
Total comprehensive income/(loss) for the year		–	–	–	(18,886)	436,782	–	417,896	775	418,671
Issue of shares	26	240,143	408,243	–	–	–	–	648,386	–	648,386
Share issue expenses	26	–	(5,733)	–	–	–	–	(5,733)	–	(5,733)
Transfer to issued capital	26	798,872	(798,862)	(10)	–	–	–	–	–	–
Final 2013 dividend declared		–	–	–	–	–	(60,036)	(60,036)	–	(60,036)
Proposed final 2014 dividend	12	–	–	–	–	(90,054)	90,054	–	–	–
At 31 March 2014		**1,519,301**	**–**	**–**	**650,699***	**3,662,492***	**90,054**	**5,922,546**	**254,054**	**6,176,600**

* *These reserve accounts comprise the consolidated reserves of HK$4,313,191,000 (2013: HK$4,381,711,000) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**629,233**	425,903
Adjustments for:			
Finance costs	6	**71,794**	56,692
Share of profits and losses of a joint venture and an associate		**14**	–
Interest income	5	**(4,942)**	(6,882)
Depreciation	7	**8,504**	8,336
Gain on disposal of investment properties	7	**(1,057)**	(2,269)
Loss/(gain) on disposal of items of property, plant and equipment	7	**(141)**	6
Fair value gains on investment properties, net	7	**(588,208)**	(412,424)
		115,197	69,362
Increase in properties held for sale under development and completed properties held for sale		**(239,841)**	(331,444)
Decrease/(increase) in trade receivables		**(6,627)**	1,978
Increase in prepayments, deposits and other receivables		**(27,100)**	(18,012)
Decrease in trade payables and accrued liabilities		**(38,843)**	(74,909)
Increase in customer deposits		**132,957**	67,444
Cash used in operations		**(64,257)**	(285,581)
Hong Kong profit taxes paid		**(78)**	–
Overseas taxes paid		**(11,019)**	(24,434)
Net cash flows used in operating activities		**(75,354)**	(310,015)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**4,942**	6,882
Purchases of items of property, plant and equipment	14	**(3,397)**	(3,069)
Proceeds from disposal of items of property, plant and equipment		**172**	887
Proceeds from disposal of investment properties		**5,089**	14,481
Additions to investment properties		**(548,830)**	(371,921)
Increase in pledged deposits		**(3,592)**	(2,402)
Increase in non-pledged time deposits with original maturity of more than three months when acquired		**(68,000)**	(72,000)
Acquisition of an associate		**–**	(369,979)
Net cash flows used in investing activities		**(613,616)**	(797,121)

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	26	**648,386**	–
Share issue expenses	26	**(5,733)**	–
Interest paid		**(153,959)**	(99,199)
New bank loans		**887,177**	976,930
Repayment of bank loans		**(420,935)**	(215,620)
Dividend paid		**(60,036)**	(60,036)
Net cash flows from financing activities		**894,900**	602,075
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**205,930**	(505,061)
Cash and cash equivalents at beginning of year		**342,595**	828,734
Effect of foreign exchange rates changes, net		**(989)**	18,922
CASH AND CASH EQUIVALENTS AT END OF YEAR		**547,536**	342,595
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**436,537**	292,595
Non-pledged time deposits	22	**250,999**	122,000
Cash and cash equivalents as stated in the consolidated statement of financial position		**687,536**	414,595
Non-pledged time deposits with original maturity of more than three months when acquired		**(140,000)**	(72,000)
Cash and cash equivalents at end of year		**547,536**	342,595

1. CORPORATE INFORMATION

Hon Kwok Land Investment Company, Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

During the year, the Group was involved mainly in property development, property investment and property related activities.

The immediate holding company of the Group is Chinney Investments, Limited ("Chinney Investments"), a company incorporated and listed in Hong Kong.

In the opinion of the directors, the ultimate holding company of the Company is Lucky Year Finance Limited ("Lucky Year"), a company incorporated in the British Virgin Islands (the "BVI").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for certain investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 April 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11, and concluded that the application of HKFRS 11 does not change any of the Group's accounting for investment in a joint venture.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. Details of the disclosures for subsidiaries, a joint venture and an associate are included in notes 16, 17 and 18 to the financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of investment properties are included in note 15 to the financial statements.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 April 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments*: *Presentation:* Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 11 Amendments	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 16 and HKAS 38 Amendments	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures of Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 No mandatory effective date yet determined but is available for adoption

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

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

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

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2014.

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with Section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). It is considered that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

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

(b) rights arising from other contractual arrangements; and

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

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in an associate and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

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

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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

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

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

Fair value measurement

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

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

Related parties

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

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

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

or

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

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

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

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

Leasehold land and buildings	5% or over the unexpired terms of the leases
Leasehold improvements	20%
Furniture and equipment	20%
Motor vehicles	20%

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

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

Investment properties

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties *(Continued)*

Properties under construction or development for future use as investment properties are classified as investment properties under construction. If the fair value cannot be reliably determined, the investment properties under construction will be measured at cost until such time as fair value can be determined or construction is completed. The Group has concluded that the fair value of certain investment properties under construction cannot be measured reliably at the end of the reporting period, therefore, certain of the Group's investment properties under construction continue to be measured at cost.

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

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

Properties held for sale under development and completed properties held for sale

Completed properties held for sale

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

Properties held for sale under development

Properties held for sale under development are intended to be held for sale after completion. Properties held for sale under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

On completion of construction, the properties are transferred to completed properties held for sale. Properties held for sale under development are classified as current assets.

Leases

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and receivables

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

Financial assets carried at amortised cost

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost (Continued)

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Subsequent measurement

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Loans and borrowings

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

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

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

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

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

Income tax

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

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

(a) income from the sale of properties, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties sold;

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

(c) property management income, on an accrual basis, in the period in which services are rendered; and

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

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Pension schemes

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 4.19% (2013: 3.98%) has been applied to the expenditure on the individual assets.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

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

Foreign currencies

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

The functional currencies of certain overseas subsidiaries, a joint venture and an associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

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

Judgements *(Continued)*

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and properties held for sale

The Group determines whether a property qualifies as an investment property or a property held for sale, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Properties held for sale are properties held by the Group with intention for sale in the Group's ordinary course of business.

Judgement is made on an individual property basis to determine whether leased out properties are classified as properties held for sale or investment properties.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

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

Judgements *(Continued)*

Investment properties under development

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed. The directors have concluded that the fair value of certain investment properties under construction cannot be measured reliably and, therefore, certain investment properties under construction continue to be measured at cost until construction is substantially completed and the remaining construction cost can be accurately estimated.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties located in Hong Kong were held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. Therefore, in measuring the Group's deferred taxation on investment properties located in Hong Kong, the directors of the Company have determined that the presumption that the carrying values of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

For the Group's investment properties located in the PRC, the directors of the Company concluded that the Group's investment properties located in the PRC were held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties located in the PRC, the directors of the Company have determined that the presumption that the carrying values of investment properties measured using the fair value model are recovered entirely through sale is rebutted.

Estimation uncertainty

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

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

Estimation uncertainty *(Continued)*

Estimation of net realisable value of properties held for sale under development and completed properties held for sale

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices. Particulars of the properties held for sale under development and completed properties held for sale of the Group are set out in note 19 to the financial statements.

Estimation of total budgeted costs and costs to completion for properties held for sale under development

Total budgeted costs for properties held for sale under development comprise (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for properties held for sale under development, management makes reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers agreed with contractors and suppliers; and (iii) professional estimation on construction and material costs.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Further details, including the key assumptions used for fair value measurement are given in note 15 to the financial statements.

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

Estimation uncertainty *(Continued)*

Current income taxes and deferred income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 25 to the financial statements.

Land appreciation tax

Under the Provisional Regulations on land appreciation tax ("LAT'') implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from the transfer of real estate properties in Mainland China with effect from 1 January 1994 are subject to LAT 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 amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to LAT, which has been included in income tax. However, the implementation of LAT varies amongst various Mainland China cities and the Group has not finalised certain of its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and provisions of LAT in the period in which such determination is made.

4. OPERATING SEGMENT INFORMATION

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

(a) the property development segment develops properties for sale;

(b) the property investment segment holds investment properties for development and the generation of rental income; and

(c) the "others" segment comprises, principally, sub-leasing business and property management service business which provides management services to residential and commercial properties.

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

Segment assets exclude investment in a joint venture, investment in an associate, and other unallocated head office and corporate assets, including tax recoverable, pledged deposits, and cash and cash equivalents, as these assets are managed on a group basis.

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

During the current and prior years, there were no intersegment transactions.

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development		Property investment		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**177,009**	43,415	**168,474**	155,765	**36,754**	39,190	**382,237**	238,370
Segment results	**56,907**	10,964	**703,004**	521,790	**(4,209)**	(3,713)	**755,702**	529,041
Reconciliation:								
Interest income							**4,942**	6,882
Unallocated expenses							**(59,603)**	(53,328)
Finance costs							**(71,794)**	(56,692)
Share of profits and losses of a joint venture and an associate							**(14)**	–
Profit before tax							**629,233**	425,903
Segment assets	**2,654,507**	2,255,371	**7,855,590**	6,505,853	**1,542,884**	1,554,533	**12,052,981**	10,315,757
Reconciliation:								
Elimination of intersegment receivables							**(2,088,210)**	(1,923,662)
Investment in a joint venture							**199**	199
Investment in an associate							**370,070**	369,979
Corporate and other unallocated assets							**806,719**	536,592
Total assets							**11,141,759**	9,298,865
Segment liabilities	**1,394,805**	1,233,381	**537,653**	468,992	**535,238**	405,370	**2,467,696**	2,107,743
Reconciliation:								
Elimination of intersegment payables							**(2,088,210)**	(1,923,662)
Corporate and other unallocated liabilities							**4,585,673**	3,939,472
Total liabilities							**4,965,159**	4,123,553

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development		Property investment		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Fair value gains on investment properties, net	**–**	–	**588,208**	412,424	**–**	–	**588,208**	412,424
Depreciation	**1,157**	1,442	**1,938**	1,562	**5,409**	5,332	**8,504**	8,336
Capital expenditure*	**177**	2,351	**638,607**	397,681	**853**	176	**639,637**	400,208

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

Geographical information

(a) Revenue

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**90,418**	92,862
Mainland China	**291,819**	145,508
	382,237	238,370

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

(b) Non-current assets

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**2,539,241**	2,524,931
Mainland China	**4,812,197**	3,619,620
	7,351,438	6,144,551

The non-current asset information above is based on the locations of the assets and excludes investment in a joint venture and investment in an associate.

5. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income from the sale of properties, gross rental income and property management income during the year.

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
Revenue		
Sale of properties	**177,009**	43,415
Gross rental income	**202,963**	192,718
Property management income	**2,265**	2,237
	382,237	238,370
Other income and gains		
Bank interest income	**4,942**	6,882
Others	**3,556**	3,741
	8,498	10,623

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**151,472**	96,540
Interest on bank loans wholly repayable after five years	**2,487**	2,659
Less: Interest capitalised under property development projects	**(82,165)**	(42,507)
	71,794	56,692

7. PROFIT BEFORE TAX

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

	2014 **HK$'000**	2013 HK$'000
Cost of properties sold	**100,139**	19,976
Depreciation	**8,504**	8,336
Minimum lease payments under operating leases on land and buildings#	**20,161**	20,311
Auditors' remuneration	**1,998**	1,923
Employee benefit expense (including directors' remuneration *(note 8)*):		
Wages, salaries, allowances and benefits in kind	**42,790**	36,991
Pension scheme contributions	**1,426**	1,259
	44,216	38,250
Less: Amounts capitalised under property development projects	**(11,300)**	(9,800)
	32,916	28,450
Gross rental income	**(202,963)**	(192,718)
Less: Outgoing expenses*	**74,052**	76,220
	(128,911)	(116,498)
Rental income on investment properties less direct operating expenses of HK$42,022,000 (2013: HK$41,910,000)	**(126,452)**	(113,855)
Foreign exchange differences, net	**164**	(698)
Fair value gains on investment properties, net	**(588,208)**	(412,424)
Gain on disposal of investment properties, net	**(1,057)**	(2,269)
Interest income	**(4,942)**	(6,882)
Loss/(gain) on disposal of items of property, plant and equipment	**(141)**	6

At the end of the reporting period, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant (2013: Nil).

Included in the amount are rental expenses for carpark operations of HK$8,018,000 (2013: HK$8,954,000) which are included in "Cost of sales" in the consolidated statement of profit or loss.

* *The outgoing expenses for the year are included in "Cost of sales" in the consolidated statement of profit or loss.*

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Fees	**263**	225
Other emoluments:		
Salaries, allowances and benefits in kind	**6,994**	4,707
Discretionary performance-related bonuses*	**2,700**	3,900
Pension scheme contributions	**30**	30
	9,724	8,637
	9,987	8,862

* *Certain executive directors of the Company are entitled to bonus payments which are determined based on the individual performance of these directors during the year.*

(a) Independent non-executive directors

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

	2014	2013
	HK$'000	*HK$'000*
Daniel Chi-Wai Tse	**75**	75
Kenneth Kin-Hing Lam	**75**	75
Hsin-Kang Chang	**75**	75
	225	225

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary performance-related bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
2014					
Executive directors:					
James Sai-Wing Wong	**–**	**–**	**–**	**–**	**–**
Zuric Yuen-Keung Chan	**–**	**3,979**	**1,600**	**15**	**5,594**
Xiao-Ping Li	**–**	**3,015**	**1,100**	**15**	**4,130**
	–	**6,994**	**2,700**	**30**	**9,724**
Non-executive directors:					
Madeline May-Lung Wong	**–**	**–**	**–**	**–**	**–**
Herman Man-Hei Fung	**–**	**–**	**–**	**–**	**–**
Emily Yen Wong (re-designated as a non-executive director on 28 June 2013)	**38**	**–**	**–**	**–**	**38**
	38	**–**	**–**	**–**	**38**
	38	**6,994**	**2,700**	**30**	**9,762**
2013					
Executive directors:					
James Sai-Wing Wong	–	–	–	–	–
Zuric Yuen-Keung Chan	–	2,690	2,300	15	5,005
Xiao-Ping Li	–	2,017	1,600	15	3,632
	–	4,707	3,900	30	8,637
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
Herman Man-Hei Fung	–	–	–	–	–
Emily Yen Wong (alternate to Madeline May-Lung Wong)	–	–	–	–	–
	–	–	–	–	–
	–	4,707	3,900	30	8,637

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2013: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2013: three) non-director, highest paid employees are set out below:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**6,592**	5,277
Pension scheme contributions	**368**	291
	6,960	5,568

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

	Number of employees	
	2014	2013
HK$1,500,001 to HK$2,000,000	**–**	3
HK$2,000,001 to HK$2,500,000	**3**	–
	3	3

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. In the prior year, no provision for Hong Kong profits tax had been made as the Group had available tax losses brought forward from prior years to offset the assessable profits generated during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

LAT has been calculated in conformity with the prevailing rules and practices on the Group's completed projects in Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

10. INCOME TAX *(Continued)*

	2014	2013
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**24**	–
Current – Elsewhere	**16,953**	3,919
LAT in Mainland China	**10,425**	5,774
Deferred *(note 25)*	**164,298**	14,948
Total tax charge for the year	**191,700**	24,641

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
Profit before tax	**629,233**	425,903
Tax at the statutory rate of 16.5% (2013: 16.5%)	**103,823**	70,274
Effect on different rates for companies operating in other jurisdictions	**63,112**	9,248
Income not subject to tax	**(655)**	(58,727)
Expenses not deductible for tax	**14,733**	5,160
Tax losses utilised from previous periods	**(2,550)**	(1,891)
Tax losses not recognised	**9,988**	7,041
Profits and losses attributable to a joint venture and an associate	**3**	–
LAT	**10,425**	5,774
Others	**(7,179)**	(12,238)
Tax charge at the Group's effective rate of 30.5% (2013: 5.8%)	**191,700**	24,641

There was no share of tax attributable to an associate and a joint venture during the year ended 31 March 2014 (2013: Nil).

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 March 2014 includes a profit of HK$63,991,000 (2013: HK$14,246,000) which has been dealt with in the financial statements of the Company.

12. DIVIDEND

	2014	2013
	HK$'000	*HK$'000*
Proposed final – 12.5 HK cents (2013: 12.5 HK cents) per ordinary share	**90,054**	60,036

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$436,782,000 (2013: HK$401,863,000), and the weighted average number of ordinary shares in issue during the year of 527,408,166 (2013: 483,214,775 – restated).

The weighted average number of ordinary shares in issue for both years used in the basic earnings per share calculation has been adjusted or restated to reflect the effect of the rights issue completed in January 2014 as set out in note 26.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2014 and 2013 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during those years.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2014					
At 31 March 2013 and at 1 April 2013:					
Cost	27,052	28,854	19,547	7,950	83,403
Accumulated depreciation	(9,878)	(9,405)	(13,605)	(4,103)	(36,991)
Net carrying amount	17,174	19,449	5,942	3,847	46,412
At 1 April 2013, net of accumulated depreciation	17,174	19,449	5,942	3,847	46,412
Additions	–	–	1,610	1,787	3,397
Disposals	–	–	(5)	(26)	(31)
Depreciation provided during the year	(1,233)	(3,465)	(2,514)	(1,292)	(8,504)
Exchange realignment	15	43	24	10	92
At 31 March 2014, net of accumulated depreciation	**15,956**	**16,027**	**5,057**	**4,326**	**41,366**
At 31 March 2014:					
Cost	27,052	28,614	20,443	9,140	85,249
Accumulated depreciation	(11,096)	(12,587)	(15,386)	(4,814)	(43,883)
Net carrying amount	**15,956**	**16,027**	**5,057**	**4,326**	**41,366**
31 March 2013					
At 1 April 2012:					
Cost	26,392	28,161	17,963	8,151	80,667
Accumulated depreciation	(8,450)	(5,891)	(10,893)	(4,062)	(29,296)
Net carrying amount	17,942	22,270	7,070	4,089	51,371
At 1 April 2012, net of accumulated depreciation	17,942	22,270	7,070	4,089	51,371
Additions	–	42	1,369	1,658	3,069
Disposals	–	–	–	(893)	(893)
Depreciation provided during the year	(1,217)	(3,420)	(2,631)	(1,068)	(8,336)
Exchange realignment	449	557	134	61	1,201
At 31 March 2013, net of accumulated depreciation	17,174	19,449	5,942	3,847	46,412
At 31 March 2013:					
Cost	27,052	28,854	19,547	7,950	83,403
Accumulated depreciation	(9,878)	(9,405)	(13,605)	(4,103)	(36,991)
Net carrying amount	17,174	19,449	5,942	3,847	46,412

The leasehold land and buildings are situated in Mainland China and are held under long term leases.

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

Company

	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Total *HK$'000*
31 March 2014			
At 31 March 2013 and at 1 April 2013:			
Cost	1,520	3,063	4,583
Accumulated depreciation	(1,520)	(2,915)	(4,435)
Net carrying amount	–	148	148
At 1 April 2013, net of accumulated depreciation	–	148	148
Additions	–	7	7
Depreciation provided during the year	–	(64)	(64)
At 31 March 2014, net of accumulated depreciation	**–**	**91**	**91**
At 31 March 2014:			
Cost	1,520	3,070	4,590
Accumulated depreciation	(1,520)	(2,979)	(4,499)
Net carrying amount	**–**	**91**	**91**
31 March 2013			
At 1 April 2012:			
Cost	1,520	2,999	4,519
Accumulated depreciation	(1,520)	(2,847)	(4,367)
Net carrying amount	–	152	152
At 1 April 2012, net of accumulated depreciation	–	152	152
Additions	–	64	64
Depreciation provided during the year	–	(68)	(68)
At 31 March 2013, net of accumulated depreciation	–	148	148
At 31 March 2013:			
Cost	1,520	3,063	4,583
Accumulated depreciation	(1,520)	(2,915)	(4,435)
Net carrying amount	–	148	148

15. INVESTMENT PROPERTIES

Group

	2014			
	Completed investment properties at fair value	**Investment properties under construction at fair value**	**Investment properties under construction at cost**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At beginning of year	**4,560,400**	**–**	**1,537,739**	**6,098,139**
Additions	**62,174**	**93,655**	**480,411**	**636,240**
Disposals	**(4,032)**	**–**	**–**	**(4,032)**
Transfer	**–**	**585,578**	**(585,578)**	**–**
Net gains/(losses) from fair value adjustments	**(16,960)**	**605,168**	**–**	**588,208**
Exchange realignment	**(332)**	**(8,151)**	**–**	**(8,483)**
At end of year	**4,601,250**	**1,276,250**	**1,432,572**	**7,310,072**

	2013		
	Completed investment properties at fair value	Investment properties under construction at cost	Total
	HK$'000	*HK$'000*	*HK$'000*
At beginning of year	4,098,229	1,128,617	5,226,846
Additions	13,788	383,351	397,139
Disposals	(12,212)	–	(12,212)
Net gains from fair value adjustments	412,424	–	412,424
Exchange realignment	48,171	25,771	73,942
At end of year	4,560,400	1,537,739	6,098,139

15. INVESTMENT PROPERTIES *(Continued)*

	2014	2013
	HK$'000	*HK$'000*
Analysis by type and location:		
Long term leasehold land and buildings in Hong Kong	**1,286,600**	1,314,200
Medium term leasehold land and buildings in Hong Kong	**1,250,900**	1,208,700
Medium term leasehold land and buildings in Mainland China	**4,772,572**	3,575,239
	7,310,072	6,098,139

The directors of the Company have determined that the Group's completed investment properties are commercial properties, based on the nature, characteristics and risks of each property. The Group's completed investment properties and certain investment properties under construction were revalued on 31 March 2014 based on valuations performed by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at an aggregate value of HK$5,877,500,000. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for the interim and annual financial reporting.

Certain completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 31(a) to the financial statements.

Investment properties under construction included interest expense of HK$50,508,000 (2013: HK$25,218,000) that was incurred and capitalised during the year.

During the year, one of the Group's investment properties under construction which was stated at cost as at 31 March 2013 was revalued on an open market, existing use basis, by independent professionally qualified valuers as its fair value can be determined reliably. This gave rise to a revaluation gain of HK$605 million and a related deferred tax of HK$151 million which were both recognised in the consolidated statement of profit or loss for the year.

Certain investment properties under construction are measured at cost until such time as fair value can be determined reliably or construction is completed. The Group has concluded that the fair value of these investment properties under construction cannot be measured reliably and were therefore measured at cost in the consolidated statement of financial position.

15. INVESTMENT PROPERTIES *(Continued)*

The Group's investment properties with an aggregate carrying value of HK$7,291,972,000 (2013: HK$6,081,539,000) at the end of the reporting period were pledged to the Group's bankers to secure the banking facilities granted to the Group as detailed in note 24(a)(i) to the financial statements. In addition, certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's investment properties as detailed in note 24(a)(iii).

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 126 to 130.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's completed investment properties and investment properties under construction at fair value:

	Fair value measurement as at 31 March 2014 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**5,877,500**	**5,877,500**

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

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

	HK$'000
Carrying amount at 1 April 2013	4,560,400
Additions	155,829
Disposals	(4,032)
Transfer	585,578
Net gains from fair value adjustments	588,208
Exchange realignment	(8,483)
Carrying amount at 31 March 2014	**5,877,500**

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of completed investment properties and investment properties under construction at fair value:

	Valuation techniques	Significant unobservable inputs	Range
Commercial properties			
Completed	Income capitalisation approach	Estimated rental value	
		per sq.ft. and per month (HK$)	19 to 155
		per sq.m. and per month (Renminbi ("RMB"))	55 to 423
		Capitalisation rate	3% to 6.5%
	Direct comparison approach	Unit price (HK$/unit)	500,000 to 1,100,000
		Unit price (RMB/unit)	80,000 to 400,000
		Price per sq.ft. (HK$)	8,000 to 10,000
	Discounted cash flow approach	Room tariff (RMB)	480
		Occupancy rate	73%
		Stabilised growth rate	3%
		Terminal capitalisation rate	5.5%
		Discount rate	8.5%
Under construction	Direct comparison approach and discounted cash flow approach	Interest rate	6% to 6.15%
		Estimated cost to completion per sq.m. (RMB)	1,130 to 4,300
		Developer's profit margin	5% to 10%

Income capitalisation approach

Under the income capitalisation approach, fair value is estimated on the basis of capitalisation of existing rental income and reversionary market rental income.

The market rentals of the investment properties are assessed and capitalised at market yield expected by investors for this type of properties. The market rents are assessed by reference to the rentals achieved in the investment properties as well as other lettings of similar properties in the neighbourhood. The market yield, which is the capitalisation rate adopted, is made by reference to the yields derived from analysing the sales transactions of similar properties and adjusted to take account of the valuers' knowledge of the market expectation from property investors to reflect factors specific to the Group's investment properties.

The key inputs were the market rent and the market yield, which a significant increase/decrease in the market rent in isolation would result in a significant increase/decrease in the fair value of the investment properties and a significant increase/decrease in the market yield in isolation would result in a significant decrease/increase in the fair value of the investment properties.

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Direct comparison approach

Under the market approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by making reference to comparable sales transactions as available in the market.

The valuation takes into account the characteristic of the investment properties, which included the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price per unit.

The key input was the market price per unit, which a significant increase/decrease in the market price would result in a significant increase/decrease in the fair value of the investment properties.

Discounted cash flow approach

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The key inputs were the developer's profit margin and the stabilised growth rate, which a significant increase/decrease in the developer's profit margin in isolation would result in a significant increase/decrease in the fair value of the investment properties and a significant increase/decrease in the growth rate in isolation would result in a significant increase/decrease in the fair value of the investment properties.

16. INVESTMENTS IN SUBSIDIARIES

	Company 2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**1**	1
Due from subsidiaries	**3,750,100**	3,462,872
	3,750,101	3,462,873
Impairment on amounts due from subsidiaries#	**(822,173)**	(820,285)
	2,927,928	2,642,588

An impairment was recognised for amounts due from subsidiaries because these subsidiaries of the Company have been making losses.

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free, and repayable on demand. The amounts due from subsidiaries included in non-current assets are unsecured, interest-free and repayable on demand, but in the opinion of directors, these amounts are not expected to be repaid within one year. The carrying amounts of these amounts due from and to subsidiaries approximate to their fair values.

The movement in the provision for impairment of the amounts due from subsidiaries during the year is as follows:

	Company 2014 HK$'000	2013 HK$'000
At 1 April	**820,285**	889,415
Impairment/(reversal of impairment) recognised in profit or loss during the year	**1,888**	(1,976)
Amount written off as uncollectible	**–**	(67,154)
At 31 March	**822,173**	820,285

16. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Champion Fine International Investments Inc.*	Canada	Canadian dollar ("CAD") 1	–	100	Investment holding
Chinney Property Management Limited	Hong Kong	HK$100	–	100	Property management
CP Parking Limited	Hong Kong	HK$2,060,000	–	100	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	100	–	Nominee services
Full Yip Development Limited	BVI/Hong Kong	US$1	–	100	Property holding and letting
Foshan Nanhai XinDa Land Development Ltd.*#	PRC/Mainland China	HK$300,000,000	–	100	Property development
Guangzhou Honkwok Fuqiang Land Development Ltd.*#	PRC/Mainland China	RMB185,000,000	–	60	Property development
Guangzhou Honkwok Hengsheng Land Development Ltd.*#	PRC/Mainland China	RMB220,000,000	–	75	Property development
Guangzhou Hua Yin Land Development Co., Ltd.*#	PRC/Mainland China	RMB80,000,000	–	100	Property development
Guangzhou Sheng Jin Real Estate Co., Ltd.*#	PRC/Mainland China	RMB52,114,000	–	100	Property development
Guangzhou Tungfu Property Management Co., Ltd.*#	PRC/Mainland China	RMB44,400,000	–	100	Property holding and letting
Guangzhou Zhong Lu Da Dao Real Estate Development Co., Ltd.*#	PRC/Mainland China	RMB90,000,000	–	100	Property development

16. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	100	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.*#	PRC/Mainland China	HK$30,000,000	–	100	Property development
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	100	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	100	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
Hotwin Investment (Chongqing) Co., Ltd.*#	PRC/Mainland China	US$14,300,000	–	100	Property holding and letting
Island Parking Limited	BVI/Hong Kong	US$10	–	100	Property holding and letting
King Capital Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	100	Property holding and letting
Lido Parking Limited	BVI/Hong Kong	US$1	–	100	Property holding and letting
Prime Best Development Limited	Hong Kong	HK$2	–	100	Investment holding
Shenzhen Guanghai Investment Co., Ltd.*#	PRC/Mainland China	RMB600,000,000	–	100	Property development
Shenzhen Honkwok Huaye Development Co., Ltd.*#	PRC/Mainland China	RMB50,000,000	–	100	Property holding and letting
The Bauhinia Hotel Management Limited	Hong Kong	HK$2	–	100	Property letting

16. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
The Bauhinia Hotel (TST) Management Limited	Hong Kong	HK$2	–	100	Property letting
Vast Champ Investment (Chongqing) Co., Ltd.*#	PRC/Mainland China	US$30,000,000	–	100	Property development
Wide Fame Investment Limited	Hong Kong	HK$2	–	100	Financing
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	100	Money lending

* *Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network*

\# *These subsidiaries are registered in the PRC as foreign-owned enterprises with business duration of 25 to 50 years.*

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore, the above list contains only the particulars of subsidiaries which principally affected the results for the year or formed a substantial portion of the net assets of the Group.

Details of the Group's subsidiary that has a material non-controlling interest are set out below:

	2014	2013
Percentage of equity interest held by non-controlling interest:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**40%**	40%

	2014 **HK$'000**	2013 HK$'000
Profit/(loss) for the year allocated to non-controlling interest:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**765**	(631)
Accumulated balances of non-controlling interest at the reporting dates:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**185,726**	184,970

16. INVESTMENTS IN SUBSIDIARIES *(Continued)*

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

Guangzhou Honkwok Fuqiang Land Development Ltd.

	2014	2013
	HK$'000	*HK$'000*
Revenue	**4,746**	–
Total expenses	**(2,834)**	(1,577)
Profit/(loss) for the year	**1,912**	(1,577)
Total comprehensive income for the year	**1,888**	8,744
Current assets	**1,284,613**	925,618
Non-current assets	**821**	945
Current liabilities	**(446,120)**	(339,137)
Non-current liabilities	**(375,000)**	(125,000)
Net cash flows used in operating activities	**(181,238)**	(243,394)
Net cash flows from investing activities	**571**	364
Net cash flows from financing activities	**229,108**	28,205
Net increase/(decrease) in cash and cash equivalents	**48,441**	(214,825)

17. INVESTMENT IN A JOINT VENTURE

	Group	
	2014	2013
	HK$'000	*HK$'000*
Share of net assets	**199**	199

All investment in a joint venture is indirectly held by the Company.

17. INVESTMENT IN A JOINT VENTURE *(Continued)*

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

		Place of	Percentage of			
Name	**Particulars of issued share capital**	**incorporation and business**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activity**
Two City Hall Place Limited*	Common share capital of CAD100	Canada	50	50	50	Property development

* *Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network*

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

	2014	2013
	HK$'000	*HK$'000*
Share of the joint venture's profit for the year	**–**	–
Share of the joint venture's other comprehensive income	**–**	–
Share of the joint venture's total comprehensive income	**–**	–
Aggregate carrying amount of the Group's investment in the joint venture	**199**	199

18. INVESTMENT IN AN ASSOCIATE

	Group	
	2014	2013
	HK$'000	*HK$'000*
Goodwill on acquisition	**18,374**	18,374
Share of net assets	**351,696**	351,605
	370,070	369,979

18. INVESTMENT IN AN ASSOCIATE *(Continued)*

Particulars of the associate, which is held indirectly through a wholly-owned subsidiary of the Company, is as follows:

Name	Issued ordinary share capital	Place of incorporation and business	Percentage of ownership interest attributable to the Group	Principal activity
Chinney Trading Company Limited ("Chinney Trading")*	HK$615,425,000	Hong Kong	20	Property development

* *Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network*

On 18 September 2012, the Group entered into a sale and purchase agreement with Chinney Development Company Limited ("Chinney Development") and Wan Thai Group Limited for the subscription of 2,600 shares, representing 20% equity interest in Chinney Trading (the "Acquisition"). The Acquisition constituted a major and connected transaction to the Company under the Listing Rules as Chinney Development is a connected person of the Company by virtue of the fact that it is a company controlled by James Sai-Wing Wong, Chairman and a substantial shareholder of the Company.

The purchase consideration for the Acquisition was satisfied by cash consideration of HK$368,537,000. Further details of the Acquisition were set out in the Company's announcement dated 18 September 2012 and circular dated 25 October 2012. The Acquisition was completed on 15 February 2013 and goodwill amounting to HK$18,374,000, being the excess of the purchase consideration over the Group's interests in the fair value of identifiable net assets of Chinney Trading at the date of completion of the Acquisition, was recognised.

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

	2014	2013
	HK$'000	*HK$'000*
Share of the associate's loss for the year	**(14)**	(1,103)
Share of the associate's other comprehensive income	**105**	–
Share of the associate's total comprehensive income/(loss)	**91**	(1,103)
Aggregate carrying amount of the Group's investment in an associate	**370,070**	369,979

19. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2014	2013
	HK$'000	*HK$'000*
Completed properties held for sale	**261,058**	270,992
Properties held for sale under development	**2,257,378**	1,915,310
	2,518,436	2,186,302

	2014	2013
	HK$'000	*HK$'000*
Properties held for sale under development		
– expected to be recovered:		
Within one year	**510,765**	398,812
After one year	**899,669**	686,836
– pending construction expected to be recovered after one year	**846,944**	829,662
	2,257,378	1,915,310

Properties held for sale under development and completed properties held for sale included interest expense of HK$31,657,000 (2013: HK$17,289,000) that was incurred and capitalised during the year prior to the completion of the development of the properties.

Certain of the Group's properties held for sale under development and completed properties held for sale with an aggregate carrying value of HK$759,965,000 (2013: HK$552,045,000) at the end of the reporting period were pledged to secure the banking facilities granted to the Group as detailed in note 24(a)(ii) to the financial statements.

19. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE *(Continued)*

The Group is subject to a risk that certain land relating to the properties held for sale under development situated in the PRC, with a carrying amount of HK$287,897,000 (2013: HK$698,238,000) at the end of the reporting period, could be appropriated by the relevant government authorities in the PRC as a result of the non-compliance with the requirement to complete the construction works on the land in prior years. In the opinion of the directors, the chance that the land administration bureau will appropriate the property without paying compensation is remote because the Group had fully paid the land premium in prior years and was granted approval from the relevant government authorities for the modification and application for extension of several Construction Works Planning Permits and Construction Works Commencement Permits, and the construction works on the land have already commenced. In addition, construction of certain property units of a different phase of the above development project were completed and were delivered to purchasers since last financial year.

The land use right of a portion of an unencumbranced development site with an area of 24,067 square metres located in the PRC was subject to a freeze order by a court in the PRC for a value equivalent to approximately HK$69 million (2013: HK$69 million), following a legal action taken by one of the previous interested parties of the land. In this connection, a written legal opinion was obtained from a PRC law firm which opined that the claim filed by the said previous interested party has no legal basis and is not valid. In view of such legal opinion, the directors believe that the freeze order does not have any material impact on the development of the project.

Details of the properties held for sale under development and completed properties held for sale are as follows:

	2014	2013
	HK$'000	*HK$'000*
Medium term leases:		
Hong Kong	**4,437**	4,437
Mainland China	**322,640**	311,969
Long term leases:		
Mainland China	**2,191,359**	1,869,896
	2,518,436	2,186,302

Further particulars of the Group's properties held for sale under development and completed properties held for sale are included in "Particulars of Properties" on pages 126 to 130.

20. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice/contract date, is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**2,136**	953
31 to 60 days	**1,859**	123
61 to 90 days	**1,607**	22
Over 90 days	**2,123**	–
	7,725	1,098

Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Overdue trade debts are monitored closely by management and are provided for in full in cases of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The carrying amounts of the trade receivables approximate to their fair values.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	–
Within 30 days past due	**2,136**	953
31 to 90 days past due	**3,466**	145
Over 90 days past due	**2,123**	–
	7,725	1,098

20. TRADE RECEIVABLES *(Continued)*

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

The Company had no trade receivables at the end of the reporting period (2013: Nil).

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**17,577**	18,042	**310**	355
Deposits	**12,169**	11,923	**2,106**	2,128
Other receivables	**67,950**	40,703	**5**	–
Impairment	**(10,524)**	(10,524)	**–**	–
	87,172	60,144	**2,421**	2,483

None of the deposits is either past due or impaired. The provision for impairment relates to other receivables.

Included in the above provision for impairment of other receivables is a provision for an impaired other receivable of HK$10,524,000 (2013: HK$10,524,000) with a carrying amount before provision of HK$10,524,000 (2013: HK$10,524,000). The Group does not hold any collateral or other credit enhancements over this balance.

The remaining balance of other receivables was neither past due nor impaired and relates to a large number of independent parties for whom there was no recent history of default.

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

		Group		Company	
		2014	2013	**2014**	2013
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances		**436,537**	292,595	**167,234**	7,687
Time deposits		**367,369**	242,803	**–**	–
		803,906	535,398	**167,234**	7,687
Less: Pledged time deposits:					
Pledged for a short term bank loan	*24(a)(v)*	**(116,370)**	(120,803)	**–**	–
Cash and cash equivalents		**687,536**	414,595	**167,234**	7,687

Included in cash and cash equivalents are restricted bank deposits of HK$83,319,000 (2013: HK$17,189,000) which can only be applied in the designated property development projects prior to their completion of construction.

At the end of the reporting period, the cash and bank balances including time deposits of the Group denominated in RMB amounted to HK$358,035,000 (2013: HK$267,470,000). The RMB is not freely convertible into other currencies, however, under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between three months and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK$69,765,000 (2013: HK$20,356,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**69,765**	20,356

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

The Company had no trade payables at the end of the reporting period (2013: Nil).

24. INTEREST-BEARING BANK BORROWINGS

Group

	2014			2013		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Current						
Bank loan – unsecured	**4.2**	**2014-2015**	**150,000**	4.4	2013-2014	48,000
Bank loans – secured	**1.5-7.7**	**2014-2015 or on demand**	**1,451,588**	1.6-7.4	2013-2014 or on demand	1,256,316
			1,601,588			1,304,316
Non-current						
Bank loans – unsecured	**4.2**	**2015**	**282,000**	4.4	2015	552,000
Bank loans – secured	**2.0-7.7**	**2015-2024**	**2,151,303**	2.0-7.4	2014-2020	1,712,333
			2,433,303			2,264,333
			4,034,891			3,568,649

24. INTEREST-BEARING BANK BORROWINGS *(Continued)*

Company

	2014			2013		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – secured	**2.3**	**On demand**	**34,000**	2.4-3.1	On demand	138,000
			34,000			138,000

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	**1,601,588**	1,304,316	**34,000**	138,000
In the second year	**1,636,398**	1,098,133	**–**	–
In the third to fifth years, inclusive	**766,706**	1,151,950	**–**	–
Beyond five years	**30,199**	14,250	**–**	–
	4,034,891	3,568,649	**34,000**	138,000

24. INTEREST-BEARING BANK BORROWINGS *(Continued)*

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of HK$7,291,972,000 (2013: HK$6,081,539,000);

(ii) mortgages over certain of the Group's properties held for sale under development and completed properties held for sale, which had an aggregate carrying value at the end of the reporting period of HK$759,965,000 (2013: HK$552,045,000);

(iii) assignments of rental income from the leases of certain of the Group's investment properties;

(iv) charge over the shares of certain subsidiaries of the Group; and

(v) the pledge of certain of the Group's time deposits amounting to HK$116,370,000 (2013: HK$120,803,000).

(b) Irrevocable and unconditional guarantees have been given by the Company in respect of bank borrowings of certain subsidiaries. In addition, the Company has subordinated its loans to certain subsidiaries in favour of the relevant lending banks.

(c) Except for certain bank loans denominated in RMB equivalent to HK$1,215,591,000 (2013: HK$609,649,000), all bank borrowings at the end of the reporting period were denominated in Hong Kong dollars.

As further explained in note 36 to the financial statements, the Group's interest-bearing bank borrowings in the amount of HK$195,505,000 (2013: HK$184,000,000) containing on-demand clauses have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are: HK$1,406,083,000 (2013: HK$1,120,316,000) within one year or on demand; HK$1,680,403,000 (2013: HK$1,106,133,000) in the second year; HK$812,206,000 (2013: HK$1,179,950,000) in the third to fifth years, inclusive and HK$136,199,000 (2013: HK$162,250,000) beyond five years.

All bank loans of the Group and the Company bear interest at floating rates.

The carrying amounts of the Group's and the Company's current and non-current bank borrowings approximate to their fair values.

25. DEFERRED TAX

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

Group

	2014		
	Depreciation allowance in excess of related depreciation	**Revaluation of investment properties**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 April 2013	**189**	**303,022**	**303,211**
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	**7,178**	**157,120**	**164,298**
Exchange realignment	**–**	**(1,965)**	**(1,965)**
At 31 March 2014	**7,367**	**458,177**	**465,544**

	2013		
	Depreciation allowance in excess of related depreciation	Revaluation of investment properties	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2012	189	281,100	281,289
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	–	14,948	14,948
Exchange realignment	–	6,974	6,974
At 31 March 2013	189	303,022	303,211

25. DEFERRED TAX *(Continued)*

At the end of the reporting period, the Group had unrecognised deductible temporary differences of HK$1,343,000 (2013: HK$1,238,000) and unrecognised tax losses of HK$1,221,461,000 (2013: HK$1,174,716,000) available to offset against future taxable profits. The deductible temporary differences and tax losses have not been recognised as it is uncertain that there will be sufficient future taxable profits available against the utilisation of these temporary differences and tax losses.

At 31 March 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China and in Canada. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China and Canada for which deferred tax liabilities have not been recognised totalled HK$397,748,000 at 31 March 2014 (2013: HK$380,705,000).

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

The Company had no significant unrecognised deferred tax liability (2013: Nil).

26. SHARE CAPITAL

	2014	2013
	HK$'000	*HK$'000*
Authorised: *(note(i))*		
1,750,000,000 ordinary shares of HK$1.00 each *(note (ii))*	–	1,750,000
Issued and fully paid:		
720,429,301 (2013: 480,286,201) ordinary shares	**1,519,301**	480,286

Notes:

(i) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(ii) In accordance with Section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

(iii) During the year, a rights issue of one rights share for every two existing shares held by members on the register of members on 27 December 2013 was made, at an issue price of HK$2.70 per rights share, resulting in the issue of 240,143,100 shares of HK$1 each for a total consideration, before expenses, of HK$648,386,000.

26. SHARE CAPITAL *(Continued)*

A summary of the transactions during the year in the Company's issued share capital is as follows:

	Number of shares in issue	Issued capital HK$'000	Share premium account HK$'000	Capital redemption reserve HK$'000	Total HK$'000
At 1 April 2012, 31 March 2013 and 1 April 2013	480,286,201	480,286	396,352	10	876,648
Rights issue	240,143,100	240,143	408,243	–	648,386
Share issue expenses	–	–	(5,733)	–	(5,733)
	720,429,301	720,429	798,862	10	1,519,301
Transfer to issued capital *(note)*	–	798,872	(798,862)	(10)	–
At 31 March 2014	**720,429,301**	**1,519,301**	**–**	**–**	**1,519,301**

Note: Pursuant to the transitional provisions for the abolition of the nominal value of share capital included in the new Hong Kong Companies Ordinance (Cap. 622) which became effective on 3 March 2014, the balances of the share premium account and capital redemption reserve as at 3 March 2014 have been transferred to issued capital.

27. RESERVES

(a) Group

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

(b) Company

	Share premium account *HK$'000*	Capital reserve *HK$'000*	Capital redemption reserve *HK$'000*	Retained profits *HK$'000*	Total reserves *HK$'000*
At 1 April 2012	396,352	647	10	586,209	983,218
Total comprehensive income for the year	–	–	–	84,608	84,608
Proposed final 2013 dividend *(note 12)*	–	–	–	(60,036)	(60,036)
At 31 March 2013 and 1 April 2013	396,352	647	10	610,781	1,007,790
Total comprehensive income for the year	–	–	–	90,839	90,839
Issue of shares	408,243	–	–	–	408,243
Share issue expenses	(5,733)	–	–	–	(5,733)
Transfer to issued capital	(798,862)	–	(10)	–	(798,872)
Proposed final 2014 dividend *(note 12)*	–	–	–	(90,054)	(90,054)
At 31 March 2014	**–**	**647**	**–**	**611,566**	**612,213**

28. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

Certain additions of properties held for sale under development and completed properties held for sale of HK$60,520,000 (2013: HK$20,000,000) and investment properties under construction of HK$36,902,000 (2013: Nil) were not paid at the end of the reporting period and were recorded as accrued liabilities.

29. CONTINGENT LIABILITIES

(a) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in connection with facilities granted to its subsidiaries	**–**	–	**4,122,014**	3,995,024
	–	–	**4,122,014**	3,995,024

As at 31 March 2014, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company, were utilised to the extent of HK$3,628,122,000 (2013: HK$3,305,954,000).

(b) As at 31 March 2014, the Group has given guarantees of HK$9,518,000 (2013: HK$7,078,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that, in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made in the financial statements for the years ended 31 March 2014 and 2013 for the guarantees.

30. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 24 to the financial statements.

31. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to twenty-two years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within one year	**117,034**	103,086
In the second to fifth years, inclusive	**250,611**	231,841
After five years	**366,025**	402,070
	733,670	736,997

Certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's properties as detailed in note 24(a)(iii).

At the end of the reporting period, the Company had no operating lease arrangement as lessor.

31. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) As lessee

The Group leases its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

At 31 March 2014, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		**Company**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Commitments to third parties:				
Within one year	**21,977**	17,266	**7,024**	7,024
In the second to fifth years, inclusive	**19,795**	23,520	**2,341**	9,638
After five years	**–**	2,058	**–**	–
	41,772	42,844	**9,365**	16,662

32. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 31(b) above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property development expenditure	**624,874**	1,018,503

33. RELATED PARTY TRANSACTIONS

(a) In addition to those transactions disclosed elsewhere in these financial statements, the Group had the following related party transactions during the year:

		Group	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
Management fees paid to the immediate holding company	*(i)*	**9,000**	9,000
Purchase of a property from a related company	*(ii)*	**–**	9,383

Notes:

(i) The management fees were charged based on the underlying costs incurred by the immediate holding company in which James Sai-Wing Wong and Madeline May-Lung Wong, directors of the Company, have beneficial interests.

(ii) In the prior year, a wholly-owned subsidiary of the Company acquired a property from a related company, Chinney Alliance Group Limited ("Chinney Alliance") at a consideration of HK$9,383,000 which was based on the prevailing market value of the property at the time when the sale and purchase agreement was entered into. James Sai-Wing Wong, Chairman and controlling shareholder of the Company, is also a chairman of and has control in Chinney Alliance, therefore the transaction constituted a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

(b) Other transactions with related parties

In the prior year, the Group acquired 20% equity interest in Chinney Trading. Further details of the transaction are set out in note 18 to the financial statements.

(c) Outstanding balances with related parties

As disclosed in the statements of financial position, the Company has outstanding balances with the Company's subsidiaries. Particulars of the terms of balances with subsidiaries are set out in note 16.

(d) Compensation of key management personnel of the Group

	2014	2013
	HK$'000	*HK$'000*
Short term employee benefits	**23,973**	20,658
Post-employment benefits	**847**	726
	24,820	21,384

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

34. FINANCIAL INSTRUMENTS BY CATEGORY

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

Group

Financial assets

	Loans and receivables	
	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**7,725**	1,098
Financial assets included in prepayments, deposits and other receivables	**69,595**	42,102
Pledged deposits	**116,370**	120,803
Cash and cash equivalents	**687,536**	414,595
	881,226	578,598

Financial liabilities

	Financial liabilities at amortised cost	
	2014	2013
	HK$'000	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	**151,647**	91,701
Interest-bearing bank borrowings	**4,034,891**	3,568,649
Financial liabilities included in customer deposits	**23,714**	23,634
	4,210,252	3,683,984

34. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Company

Financial assets

	Loans and receivables	
	2014	2013
	HK$'000	*HK$'000*
Amounts due from subsidiaries	**2,927,927**	2,642,587
Financial assets included in prepayments, deposits and other receivables	**2,111**	2,128
Cash and cash equivalents	**167,234**	7,687
	3,097,272	2,652,402

Financial liabilities

	Financial liabilities at amortised cost	
	2014	2013
	HK$'000	*HK$'000*
Amounts due to subsidiaries	**833,794**	960,635
Financial liabilities included in trade payables and accrued liabilities	**7,375**	5,364
Interest-bearing bank borrowings	**34,000**	138,000
	875,169	1,103,999

35. FAIR VALUES OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in customer deposits, financial liabilities included in trade payables, current portion of interest-bearing bank borrowings and accrued liabilities and amounts due from/ to subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 March 2014 was assessed to be insignificant.

Fair value hierarchy

The Group did not have any financial assets measured at fair value as at 31 March 2014 and 31 March 2013.

The Group did not have any financial liabilities measured at fair value as at 31 March 2014 and 31 March 2013. As at 31 March 2014, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings of HK$2,433,303,000 (2013: HK$2,264,333,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are unobservable (Level 3).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities of the Group (2013: Nil).

The Company did not have any financial assets and liabilities measured at fair value as at 31 March 2014 and 31 March 2013.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

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

Foreign currency risk

The monetary assets and transactions of several subsidiaries of the Group are principally denominated in RMB and CAD, which expose the Group to foreign currency risk. The Group currently has no particular hedging vehicles to hedge its exposure to foreign currency risk. It is the Group's policy to monitor foreign exchange exposure and to make use of appropriate hedging measures when required. Approximately 76% (2013: 61%) of the Group's sales are denominated in foreign currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB and CAD exchange rates at the end of the reporting period with all other variables held constant, of the Group's profit after tax and the Group's equity (due to changes in fair value of monetary assets and liabilities).

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

Foreign currency risk *(Continued)*

Group

	Change in exchange rate *%*	Increase/ (decrease) in profit after tax and equity *HK$'000*
2014		
If Hong Kong dollar weakens against RMB	**5**	**(3,235)**
If Hong Kong dollar strengthens against RMB	**5**	**3,235**
If Hong Kong dollar weakens against CAD	**5**	**–**
If Hong Kong dollar strengthens against CAD	**5**	**–**
2013		
If Hong Kong dollar weakens against RMB	5	(3,892)
If Hong Kong dollar strengthens against RMB	5	3,892
If Hong Kong dollar weakens against CAD	5	–
If Hong Kong dollar strengthens against CAD	5	–

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 24 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposures should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the end of the reporting period, with all other variables held constant, of the Group's profit after tax and the Group's equity (through the impact on floating rate borrowings) and after the effect of interest being capitalised under property development projects of HK$10,472,000 (2013: HK$11,616,000).

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

Interest rate risk *(Continued)*

Group

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity *HK$'000*
2014		
Hong Kong dollar	**100**	**(14,713)**
RMB	**50**	**(483)**
Hong Kong dollar	**(100)**	**14,713**
RMB	**(50)**	**483**
2013		
Hong Kong dollar	100	(13,607)
RMB	50	(414)
Hong Kong dollar	(100)	13,607
RMB	(50)	414

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise other receivables and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 29(b) to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

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

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and other fund raising exercises. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. 40% of the Group's debts, which comprise interest-bearing bank borrowings, would mature in less than one year as at 31 March 2014 (2013: 37%) based on the carrying value of borrowings reflected in the financial statements. If based on the maturity dates as set out in the loan agreements, 35% (2013: 31%) of the Group's debts would mature in less than one year.

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

Group

			2014		
		Less than	1 to 2	Over	
	On demand	12 months	years	2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	3,688	147,959	–	–	151,647
Interest-bearing bank borrowings	245,000	1,497,644	1,719,038	836,092	4,297,774
Financial liabilities included in customer deposits	23,714	–	–	–	23,714
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	9,518	–	–	–	9,518
	281,920	1,645,603	1,719,038	836,092	4,482,653

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

Liquidity risk *(Continued)*

Group

	2013				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	3,683	88,018	–	–	91,701
Interest-bearing bank borrowings	345,400	1,070,322	1,173,856	1,226,232	3,815,810
Financial liabilities included in customer deposits	23,634	–	–	–	23,634
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	7,078	–	–	–	7,078
	379,795	1,158,340	1,173,856	1,226,232	3,938,223

Company

	2014		
	On demand	**Less than 12 months**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Amounts due to subsidiaries	**833,794**	**–**	**833,794**
Financial liabilities included in trade payables and accrued liabilities	**1,031**	**6,344**	**7,375**
Interest-bearing bank borrowings	**34,000**	**–**	**34,000**
Guarantees given to banks in connection with facilities granted to subsidiaries	**3,628,122**	**–**	**3,628,122**
	4,496,947	**6,344**	**4,503,291**

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

Liquidity risk *(Continued)*

Company

		2013	
	On demand	Less than 12 months	Total
	HK$'000	*HK$'000*	*HK$'000*
Amounts due to subsidiaries	960,635	–	960,635
Financial liabilities included in trade payables and accrued liabilities	1,015	4,349	5,364
Interest-bearing bank borrowings	138,000	–	138,000
Guarantees given to banks in connection with facilities granted to subsidiaries	3,305,954	–	3,305,954
	4,405,604	4,349	4,409,953

In respect of interest-bearing bank borrowings of HK$245,000,000 (2013: HK$345,400,000), the loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

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

In accordance with the terms of the loans, the contractual undiscounted payments at 31 March 2014 for the interest-bearing bank borrowings in respect of the Group are HK$1,551,581,000 (2013: HK$1,235,748,000) within one year, HK$1,766,032,000 (2013: HK$1,185,191,000) in the second year, and HK$998,400,000 (2013: HK$1,425,467,000) beyond two years.

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

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net interest-bearing debts divided by the equity attributable to owners of the Company plus non-controlling interests. Net interest-bearing debts include interest-bearing bank borrowings less cash and cash equivalents and pledged deposits. The gearing ratios as at the ends of the reporting periods were as follows:

Group

	2014	2013
	HK$'000	*HK$'000*
Interest-bearing bank borrowings	**4,034,891**	3,568,649
Less: Cash and cash equivalents and pledged deposits	**(803,906)**	(535,398)
Net interest-bearing debts	**3,230,985**	3,033,251
Equity attributable to owners of the Company	**5,922,546**	4,922,033
Non-controlling interests	**254,054**	253,279
Total equity	**6,176,600**	5,175,312
Gearing ratio	**52%**	59%

37. EVENT AFTER THE REPORTING PERIOD

On 29 May 2014, Lindeteves Jacoberg (China) Limited, an indirect wholly-owned subsidiary of Chinney Alliance as vendor, entered into a sale and purchase agreement (the "Agreement") to dispose of a property located in Shenzhen, PRC to China Parking Limited, an indirect wholly-owned subsidiary of the Company as purchaser (the "Purchaser") for a cash consideration of HK$8,063,000 (equivalent to RMB6,450,000) ("Consideration"). An amount of HK$806,300 was paid by the Purchaser upon signing of the Agreement as deposit and/or part payment of the Consideration. As James Sai-Wing Wong, Chairman and controlling shareholder of the Company, is also a chairman of and has control in Chinney Alliance, the transaction constituted a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and was subject to the reporting and announcement requirements but was exempt from independent shareholders' approval. The above transaction is scheduled to be completed by the end of June 2014.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 June 2014.

FIVE YEAR FINANCIAL SUMMARY

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

	Year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
REVENUE	**382,237**	238,370	899,422	145,534	812,584
PROFIT FOR THE YEAR	**437,533**	401,262	279,550	530,053	454,657
Profit attributable to:					
Owners of the Company	**436,782**	401,863	216,555	528,934	424,466
Non-controlling interests	**751**	(601)	62,995	1,119	30,191
	437,533	401,262	279,550	530,053	454,657

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**11,141,759**	9,298,865	8,048,104	7,820,360	6,039,568
TOTAL LIABILITIES	**(4,965,159)**	(4,123,553)	(3,327,923)	(3,442,991)	(2,258,978)
NET ASSETS	**6,176,600**	5,175,312	4,720,181	4,377,369	3,780,590
NON-CONTROLLING INTERESTS	**(254,054)**	(253,279)	(248,066)	(179,174)	(172,887)
SHAREHOLDERS' FUNDS	**5,922,546**	4,922,033	4,472,115	4,198,195	3,607,703

PARTICULARS OF PROPERTIES

31 March 2014

GROUP I – PROPERTIES HELD FOR DEVELOPMENT

Location	Use	Site area (sq.m./sq.ft.)	Gross floor area (sq.m./sq.ft.)	Development progress (up to 26 June 2014)	Estimated completion date	Attributable interest of the Group (%)
MAINLAND CHINA						
1. Metropolitan Oasis (雅瑤綠洲) Da Li District Nanhai Guangdong Province	Low density residential	247,987 sq.m. (2,668,340 sq.ft.)	272,786 sq.m. (2,935,177 sq.ft.)	Phase 1 comprising (i) completed 71 town houses of ~18,000 sq.m. (ii) construction of high-rise apartments of ~121,000 sq.m. in progress	 – 2014 to 2016	100
2. Dong Guan Zhuan Dong Guan Zhuan Road Tian He District Guangzhou Guangdong Province	Residential	95,382 sq.m. (1,026,310 sq.ft.)	265,768 sq.m. (2,859,663 sq.ft.)	Planning and design stage	–	75
3. Botanica (寶翠園) Long Dong Cun Guang Shan Road Western Tian He District Guangzhou Guangdong Province	Residential	113,796 sq.m. (1,224,444 sq.ft.)	228,646 sq.m. (2,460,230 sq.ft.)	Phases 1 & 2 totalling ~92,000 sq.m. – Completed Phase 3 of ~70,000 sq.m. – Superstructure works in progress	– 2015 to 2016	60
4. 45-65 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Residential	2,177 sq.m. (23,424 sq.ft.)	23,077 sq.m. (248,308 sq.ft.)	Planning and design stage	–	100
5. 67-107 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial	2,781 sq.m. (29,923 sq.ft.)	38,568 sq.m. (414,991 sq.ft.)	Planning and design stage	–	100
6. Hon Kwok City Commercial Centre (漢國城市商業中心) Junction of Shen Nan Zhong Road and Fu Ming Road Fu Tian District Shenzhen Guangdong Province	Commercial/ Residential	7,845 sq.m. (84,412 sq.ft.)	128,000 sq.m. (1,377,280 sq.ft.)	Superstructure works in progress	2015	100

For illustration purpose, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

GROUP I – PROPERTIES HELD FOR DEVELOPMENT *(Continued)*

Location	Use	Site area *(sq.m./sq.ft.)*	Gross floor area *(sq.m./sq.ft.)*	Development progress (up to 26 June 2014)	Estimated completion date	Attributable interest of the Group *(%)*
MAINLAND CHINA						
7. Enterprise Square (僑城坊) Qiaoxiang Road North Nanshan District Shenzhen Guangdong Province	Composite	48,764 sq.m. (524,700 sq.ft.)	224,500 sq.m. (2,415,620 sq.ft.)	Foundation works in progress	–	20
HONG KONG						
8. Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	100

GROUP II – COMPLETED PROPERTIES

Location	Use	Remaining unsold units	Gross floor area *(sq.m./sq.ft.)*	Car parking spaces	Attributable interest of the Group *(%)*
MAINLAND CHINA					
9. Ganghui Huating (港滙華庭) 5 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial	4-storey of commercial podium	4,157 sq.m. (44,729 sq.ft.)	71	100
10. Botanica Phases 1 & 2 (寶翠園一及二期) Tian He District Guangzhou Guangdong Province	Commercial	5 ground floor shops	257 sq.m. (2,765 sq.ft.)	247	60
11. Metropolitan Oasis Phase 1 (雅瑤綠洲第一期) Da Li District Nanhai Guangdong Province	Low density residential	32 town houses & 30 apartment units	10,812 sq.m. (116,337 sq.ft.)	–	100
12. Houses S and W Green Mountain Village Longgang Botanical Garden Longgang Shenzhen Guangdong Province	Residential	2 units	535 sq.m. (5,756 sq.ft.)	–	100

For illustration purpose, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

GROUP III – PROPERTIES HELD FOR INVESTMENT

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartment/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
MAINLAND CHINA					
13. City Square (城市天地廣場)/ The Bauhinia Hotel (Shenzhen) (寶軒酒店(深圳)) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	5-storey of commercial podium comprising hotel and commercial	20,308 sq.m. (218,514 sq.ft.)	162 hotel rooms	Medium term lease	100
14. City Suites (寶軒公寓) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	Serviced apartments	3,692 sq.m. (39,725 sq.ft.)	64 apartment units	Medium term lease	100
15. Chongqing Hon Kwok Centre (重慶漢國中心) Lot no. B-01-03 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office	107,802 sq.m. (1,159,949 sq.ft.)	–	Medium term lease	100
16. Ganghui Dasha (港滙大廈) 3 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	13,053 sq.m. (140,450 sq.ft.)	–	Medium term lease	100
17. Jinshan Shangye Zhongxin (金山商業中心) Lot no. B-01-02 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office/Hotel	133,502 sq.m. (1,436,481 sq.ft.)	~300 hotel rooms (in the course of renovation)	Medium term lease	100

For illustration purpose, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

GROUP III – PROPERTIES HELD FOR INVESTMENT *(Continued)*

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartment/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
HONG KONG					
18. Hon Kwok Jordan Centre (漢國佐敦中心) 5, 7 & 7A Hillwood Road Tsim Sha Tsui Kowloon	Commercial/ Office	62,127 sq.ft.	–	Medium term lease	100
19. The Bauhinia (寶軒)/ The Bauhinia Hotel (Central) (寶軒酒店(中環)) 119-121 Connaught Road Central & 237-241 Des Voeux Road Central Hong Kong	Serviced apartments/ Hotel/ Commercial	123,283 sq.ft.	112 apartment units and 42 hotel rooms with a total of 213 rooms	Long term lease	100
20. The Bauhinia Hotel (TST) (寶軒酒店(尖沙咀)) 5-9 Observatory Court Tsim Sha Tsui Kowloon	Hotel/ Commercial	60,893 sq.ft.	98 hotel rooms (including additional 54 hotel rooms of which renovation works have been completed)	Medium term lease	100

GROUP IV – CARPARKS HELD FOR INVESTMENT

Location	Car parking spaces	Ownership status	Attributable interest of the Group (%)
HONG KONG			
21. Provident Centre (和富中心) 21-53 Wharf Road North Point Hong Kong	11	Long term lease	100
22. Lido Garden (麗都花園) 41-63 Castle Peak Road Sham Tseng Tsuen Wan New Territories	36	Medium term lease	100
23. Shining Court (順寧居) 439 Shun Ning Road Cheung Sha Wan Kowloon	26	Medium term lease	100

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hon Kwok Land Investment Company, Limited (the "Company") will be held at Full Moon Shanghai Restaurant, Macau Jockey Club, 4th Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 28 August 2014 at 3:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements, the report of the directors and the independent auditors' report for the year ended 31 March 2014.

2. To declare a final dividend for the year ended 31 March 2014.

3. To elect directors and to authorise the directors to fix the directors' remuneration.

4. To re-appoint auditors and to authorise the directors to fix the auditors' remuneration.

5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

   "**THAT** the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which would or might require shares to be allotted, issued or dealt with, whether during or after the end of the Relevant Period be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to: (a) a rights issue where shares of the Company are offered for a period fixed by the directors to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of the relevant place, or the requirements of the relevant regulatory body or any stock exchange in that place); or (b) any scrip dividend or similar arrangement providing for the allotment of securities in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (c) the exercise of any options under any share option scheme of the Company or similar arrangement for the grant or issue to the employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (d) a specific authority granted by the shareholders of the Company in general meeting, the additional shares allotted, issued or dealt with (including shares agreed conditionally or unconditionally to be allotted, issued or dealt with, whether pursuant to an option or otherwise) shall not in aggregate exceed 20% of the total number of shares of the Company in issue at the date of passing this Ordinary Resolution (subject to adjustment in the case of any conversion of all or any of the shares of the Company into a larger or smaller number of shares in accordance with Section 170(2)(e) of the new Companies Ordinance after the passing of this Ordinary Resolution) and the said approval shall be limited accordingly.

For the purpose of this Ordinary Resolution, "Relevant Period" means the period from the passing of this Ordinary Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting is required by any applicable laws or the Company's Articles of Association to be held; and

(iii) the revocation or variation of the authority given under this Ordinary Resolution by an ordinary resolution of the shareholders in general meeting."

By Order of the Board
Thomas Hang-Cheong Ma
Company Secretary

Hong Kong, 29 July 2014

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to represent respectively the number of shares held by such member, to attend and to speak and vote instead of him. A proxy need not be a member of the Company.

2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be completed and deposited at the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

3. In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the above meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

4. All the resolutions set out in this notice will be decided by poll.