



Hon Kwok Land Investment Company, Limited

Stock Code: 160



Annual Report 2014/15

CONTENTS

	<i>Page(s)</i>
Corporate Information	2
Financial Highlights	3
Location of Property Projects in Mainland China	4
Chairman’s Statement	5
Biographical Details of Directors and Senior Management	11
Corporate Governance Report	15
Report of the Directors	24
Independent Auditors’ Report	37
Consolidated Statement of Profit or Loss	39
Consolidated Statement of Comprehensive Income	40
Consolidated Statement of Financial Position	41
Consolidated Statement of Changes in Equity	43
Consolidated Statement of Cash Flows	44
Notes to the Financial Statements	46
Five Year Financial Summary	122
Particulars of Properties	123
Notice of Annual General Meeting	127

Cover Photo:
The Botanica in Guangzhou – development in progress

封面圖片：
廣州寶翠園－正在發展中

CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong (*Chairman*)
Herman Man-Hei Fung (*Vice-Chairman*)
Zuric Yuen-Keung Chan
Xiao-Ping Li
Emily Yen Wong
Daniel Chi-Wai Tse*
Kenneth Kin-Hing Lam*
Zuo Xiang*
William Kwan-Lim Chu*

* *Independent non-executive directors*

AUDIT COMMITTEE

Kenneth Kin-Hing Lam
Daniel Chi-Wai Tse
Zuo Xiang

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
Chong Hing Bank 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

Tel : (852) 2523 7177
Fax : (852) 2845 1629
E-mail : general@chinneyhonkwok.com

STOCK CODE

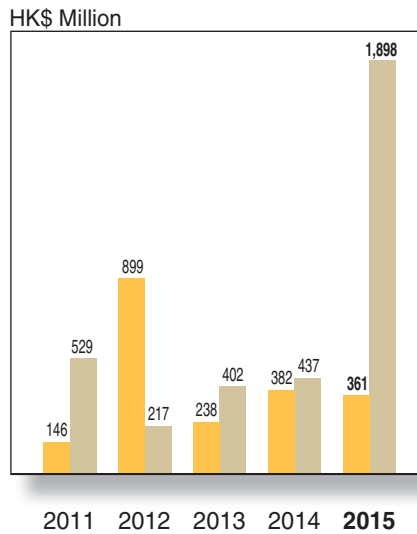
SEHK 160

WEBSITE

<http://www.honkwok.com.hk>

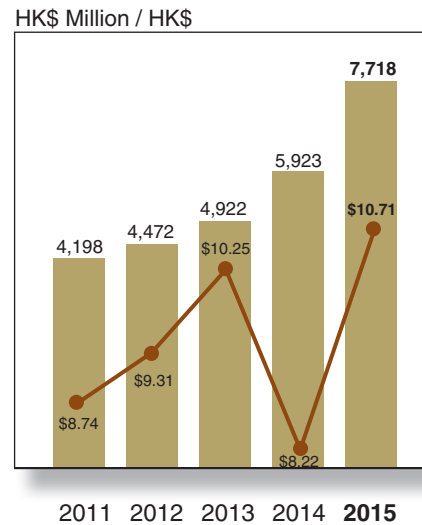
FINANCIAL HIGHLIGHTS

Turnover / Net Profit



- Turnover
- Net profit attributable to shareholders

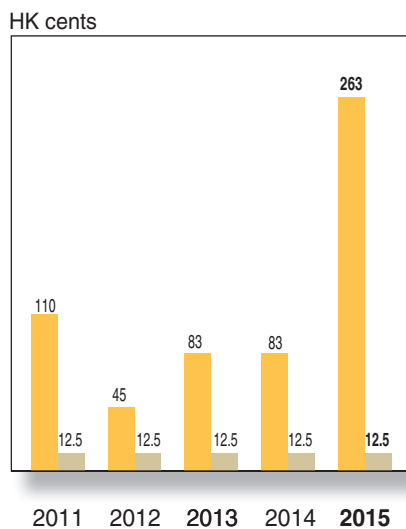
Shareholders' Funds / Net Assets per Share



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

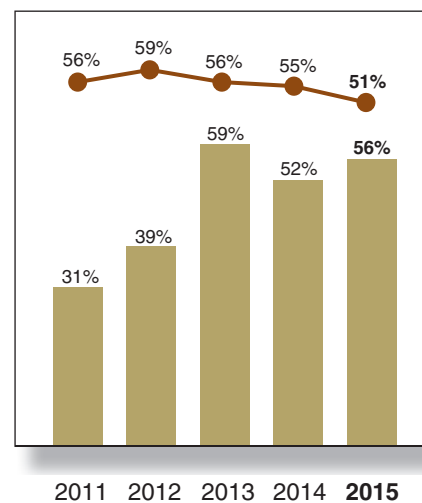
(Number of shares in issue –
 2011 to 2013: 480,286,201
 2014: 720,429,301 after 2 for 1 rights issue in January 2014
 2015: 720,429,301)

Earnings / Dividend per Share



- 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/Service 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 Ganhui Dasha 港滙大廈, held as investment property

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

For the year ended 31 March 2015, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK\$361 million (2014: HK\$382 million) and HK\$1,898 million (2014: HK\$437 million), respectively. Basic earnings per share were HK\$2.63 (2014: HK\$0.83). As at 31 March 2015, the shareholders' equity amounted to HK\$7,718 million (as at 31 March 2014: HK\$5,923 million) and net assets per share attributable to shareholders were HK\$10.71 (as at 31 March 2014: HK\$8.22).

The increase in profit was mainly attributable to the recognition of property revaluation gain, net of deferred tax, of HK\$1,907 million during the year against last year of HK\$424 million.

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 2015 (2014: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 4 September 2015. 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 21 September 2015.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 27 August 2015. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 24 August 2015 to 27 August 2015 (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 21 August 2015.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2015 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 3 September 2015 and 4 September 2015, 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 31 August 2015. 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 2 September 2015.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW

Acquisition of Properties

In January 2015, a wholly-owned subsidiary of the Company acquired a bare site at Kin Chuen Street, Kwai Chung, New Territories via government public tender at a cash consideration of HK\$686.8 million. The site, with a total gross floor area of approximately 228,000 sq. ft., is under the planning and design stage and will be developed for non-residential use for recurrent rental income. The above acquisition was completed in February 2015 and constituted a major transaction for the Company under the listing rules. For details, please refer to the Company's joint announcement dated 15 January 2015 and circular dated 5 March 2015.

As stated in the Interim Report 2014/15, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement in May 2014 for the acquisition of a villa located in Longgang District, Shenzhen, PRC from a wholly-owned subsidiary of Chinney Alliance Group Limited for a cash consideration of HK\$8,063,000. The transaction was completed in June 2014. The above acquisition constituted a connected transaction for the Company under the listing rules 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.

Property Development

Botanica Phase 3 寶翠園三期, Guangzhou, PRC



The Botanica - development in progress

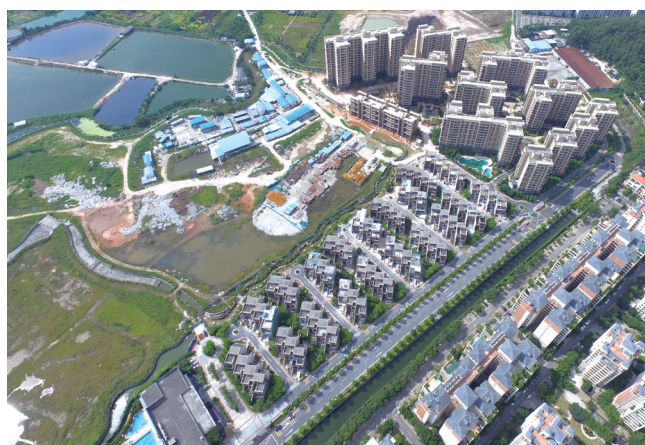
The Botanica 寶翠園, with a total gross floor area of approximately 229,000 sq.m., is situated in the greenery zone of Tian He District near the Botanical Garden. It comprises 39 blocks of high-rise residential building and is scheduled for development and pre-sale by phases. In the prior financial years, **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 income statements. Superstructure works of **Botanica Phase 3 寶翠園三期**, comprises 12 blocks of about 530

units, have been completed and internal finishing works are in progress and the sold units are expected to be delivered to individual purchasers commencing next quarter through financial year 2016/17. Eleven blocks of the above phase have been launched to the market for pre-sale, of which over 85% have been sold up to the date of this report and total contracted sales amounted to approximately RMB1,400 million.

BUSINESS REVIEW *(Continued)*

Property Development *(Continued)*

Metropolitan Oasis 雅瑤綠洲, Nanhai, PRC



Metropolitan Oasis - partial view of the development site

This project is also scheduled for development by phases. It is situated in Da Li District, Nanhai with a total gross floor area of approximately 273,000 sq.m. Phase 1 of the project comprises 71 units of 3-storey town houses of about 18,000 sq.m. and 24 blocks of high-rise apartments of about 121,000 sq.m. All the town houses and 6 blocks of the above apartments are completed and delivery of the sold units to individual purchasers is in progress. The remaining blocks of apartments are under construction and expected to be completed by the end of this year. The above town houses and seven blocks of apartment units have been launched to market for sale,

of which about 85% have been sold up to the date of this report, generated sale proceeds exceeding RMB480 million.

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

The project site at Dong Guan Zhuan Road, Tian He District and the other one at 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, with a site area of 48,764 sq.m. and situated at Qiaoxiang Road North, Nanshan District, is being developed in two phases into 12 blocks of buildings for composite use with a total gross floor area of approximately 224,500 sq.m. Superstructure works of Phase 1 and substructure works of Phase 2 are in progress. The Group has 20% interest in this project.



Enterprise Square - construction works in progress



Enterprise Square - architect perspective

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Investment

Shenzhen, PRC

Superstructure works of **Hon Kwok City Commercial Centre** 漢國城市商業中心, situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Futian District and with a total gross floor area of 128,000 sq.m., are well in progress. Construction of this 80-storey (including 5 storeys underground) commercial/office tower is expected to be completed in 2016 and the Group intends to hold this signature building for recurrent rental income. During the year under review, the Group's property revaluation gain being recognized was mainly attributable to this project as such revaluation gain could be determined reliably in line with the prevailing accounting standards. It is currently estimated that further revaluation gains in respect of this project will be progressively realized until financial year 2016/17 upon completion of construction of the property.

All the retail shops at ground floor and the entire first floor of the 5-storey commercial podium of **City Square** 城市天地廣場, situated at Jia Bin Road, Luo Hu District, are leased out. **The Bauhinia Hotel (Shenzhen)** 寶軒酒店 (深圳), a 162-room hotel at upper three floors of the above podium, maintained average occupancy and room rates at satisfactory level. The average occupancy rate of **City Suites** 寶軒公寓, a 64-unit serviced apartments on top of the podium, exceeded 95%.

Guangzhou, PRC

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

Both the average occupancy and room rates of **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, are satisfactory.



Hon Kwok City Commercial Centre – architect perspective

BUSINESS REVIEW *(Continued)*

Property Investment *(Continued)*

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, is situated in Bei Bu Xin Qu with current occupancy rate about 95%.

Jinshan Shangye Zhongxin
金山商業中心, a twin-tower project comprising a 41-storey grade A office tower and a 42-storey 5-star hotel plus office tower with respective 4-storey retail/commercial podium, is also situated in Bei Bu Xin Qu and adjacent to the above **Chongqing Hon Kwok Centre** 重慶漢國中心.



Left: Chongqing Hon Kwok Centre

Right: Jinshan Shangye Zhongxin

Air-conditioning and internal finishing works as well as leasing activities in respect of the office tower are in progress and the tenants are expected to move in by next quarter. It is expected that upon commencement of rental contribution from this project in the second half of the forthcoming financial year, the Group's overall recurrent rental income will be further enhanced.

Hong Kong

The retail areas at ground level of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central are fully let. 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 above building, is about 95% with encouraging room rates whilst that of **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, is over 80%.

The Bauhinia Hotel (TST) 寶軒酒店 (尖沙咀), occupying total 20 floors of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, is a 98-room boutique hotel of which 54 additional rooms commenced operation in last month. Both its average occupancy and room rates are satisfactory. The first floor of the above building has been leased out to a restaurant with the remaining floors for commercial use.

Hon Kwok Jordan Centre 漢國佐敦中心, a 23-storey commercial/office building situated at Hillwood Road, Tsim Sha Tsui, is currently nearly fully let.

Operation of Carparks

Currently approximate 2,000 units of car parking space, comprising certain privately-owned by the Group plus those from government authorities for management under lease/contract, are being operated by the Group with satisfactory return.

CHAIRMAN'S STATEMENT *(Continued)*

OUTLOOK

The US and Mainland China recorded slow growth in last quarter whilst there was signs of recovery in the Eurozone. The Central Government had the largest cut on reserve requirement ratio by 100 basis points in April in more than six years followed by a further cut in benchmark interest rates signalled its heightened concerns over the growth slowdown and disinflation. It is widely expected that there will be more monetary and fiscal easing measures in the rest of the year to stabilize economic growth and that the recent relaxation of property measures will steer the market towards a potentially faster-than-expected recovery, in particular, in tier one/two cities.

In Hong Kong, barring happening of another global economic downturn, the residential property market is expected to be stable prior to any interest rate hike in U.S. However, the revised multiple-entry scheme is likely to slow visitor arrivals from Mainland China and probably dampen retail sales that may lead to weakening retail rental.

Finally, I would like to thank my fellow directors for their valuable advice and all staff members for their loyalty and efforts during the year under review.

James Sai-Wing Wong
Chairman

Hong Kong, 25 June 2015

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

James Sai-Wing Wong

Aged 77, was appointed as the Managing Director of the Company in 1985 and became the Chairman in 1990. He is the Chairman of Chinney Investments Limited (“Chinney Investments”), a director of Chinney Holdings Limited (“Chinney Holdings”) and Lucky Year Finance Limited (“Lucky Year”), all being substantial shareholders of the Company, and a director of Chinney Capital Limited (“Chinney Capital”) which is a shareholder of the Company. He is also the Chairman of Chinney Alliance Group Limited (“Chinney Alliance”). Both Chinney Investments and Chinney Alliance 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.

Herman Man-Hei Fung

Aged 77, 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 also the director of certain subsidiaries of the Company. He is the Managing Director of Chinney Investments, a director of Chinney Holdings and Lucky Year, all being substantial shareholders of the Company, and a director of Chinney Capital which is a shareholder 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 44 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.

Zuric Yuen-Keung Chan

Aged 60, 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 41 years of experience in the construction industry. He is a member of the Chartered Institute of Building.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

DIRECTORS *(Continued)*

Xiao-Ping Li

Aged 63, joined the Group in 1999 and was appointed as an Executive Director of the Company in December 2009. He has over 36 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 49, was appointed as an alternate 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 Past Chief of Medical 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Daniel Chi-Wai Tse

Aged 80, was appointed as an independent non-executive director of the Company in 1993. He is the Council Advisor 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 61, 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.

Zuo Xiang

Aged 51, was appointed as an independent non-executive director of the Company in April 2015. He has more than 20 years of experience in principal investment, structured finance, opportunistic investment, real estate finance and investment banking in the PRC and Asia Pacific. He previously served a key position in JPMorgan Global Special Opportunities Group and a senior role in The Royal Bank of Scotland and GE Capital Group. Mr. Xiang holds a Bachelor's Degree in Philosophy from Sichuan University, Chengdu, PRC, a Master's Degree in Sociology from Morehead State University, Kentucky, U.S.A. and also a Master of Business Administration Degree in Corporate Finance from Fairleigh Dickinson University, New Jersey, U.S.A.

William Kwan-Lim Chu

Aged 54, was appointed as an independent non-executive director of the Company in June 2015. He had worked with one of the leading local banks in Hong Kong for 27 years and was the General Manager and Head of Corporate Banking Division when he left in 2012. He subsequently joined the Hong Kong branch of a newly incorporated Chinese bank as Deputy Chief Executive Officer. Mr. Chu has wide and good experience in the business of banking and finance. He graduated from the Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) and holds a Master of Science Degree from the University of Salford.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

SENIOR MANAGEMENT

Jason Chi-Kit Tso

Aged 50, joined the Company in 1998 and is the Executive Director of Hon Kwok Land Investment (China) Limited. He has 27 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 49, joined the Company in 1994 and is the Director of Finance and Company Secretary of the Company. He has 26 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 43, joined the Company in 2009 and is the Director – Corporate Finance of the Company. He has 20 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 60, joined the Company in 2003 and is the Assistant General Manager – Asset Management of the Company. He has 30 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 48, joined the Company in 1990 and is the Senior Property Manager of the Company in charge of investment properties in Hong Kong. He has 25 years of experience in property investment and development.

CORPORATE GOVERNANCE REPORT

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 and up to the date of this report were:

Executive Directors

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

Non-Executive Directors

Herman Man-Hei Fung (*Vice-Chairman*)
Emily Yen Wong
Madeline May-Lung Wong (retired on 28 August 2014)

Independent Non-Executive Directors

Daniel Chi-Wai Tse
Kenneth Kin-Hing Lam
Hsin-Kang Chang (resigned on 1 April 2015)
Zuo Xiang (appointed on 1 April 2015)
William Kwan-Lim Chu (appointed on 11 June 2015)

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.

CORPORATE GOVERNANCE REPORT *(Continued)*

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 Emily Yen Wong is the daughter of James Sai-Wing 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 2015.

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 95 of the Articles of Association, Zuo Xiang and William Kwan-Lim Chu being directors appointed by the Board effective from 1 April 2015 and 11 June 2015 respectively shall retire and, being eligible, offer themselves for re-election and in accordance with article 104 of the Articles of Association, Herman Man-Hei Fung and Kenneth Kin-Hing Lam shall retire by rotation. Kenneth Kin-Hing Lam has notified the Company that he has decided not to stand for re-election at the forthcoming annual general meeting. Herman Man-Hei Fung, being eligible, shall offer himself for re-election.

CORPORATE GOVERNANCE REPORT *(Continued)*

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 2015 is summarised as follows:

Name of director	Type of trainings
Executive Directors	
James Sai-Wing Wong	B
Zuric Yuen-Keung Chan	B
Xiao-Ping Li	A, B
Non-Executive Directors	
Herman Man-Hei Fung	B
Emily Yen Wong	A, B
Independent Non-Executive Directors	
Daniel Chi-Wai Tse	B
Kenneth Kin-Hing Lam	A, B
Hsin-Kang Chang (<i>resigned on 1 April 2015</i>)	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 REPORT *(Continued)*

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.

CORPORATE GOVERNANCE REPORT *(Continued)*

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 Zuo Xiang 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.

CORPORATE GOVERNANCE REPORT *(Continued)*

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

	Number of meetings attended during the year ended 31 March 2015			Annual General Meeting held on 28 August 2014
	Board Meetings	Remuneration Committee Meeting	Audit Committee Meetings	
Number of meetings held during the year ended 31 March 2015	2	1	2	1
James Sai-Wing Wong	2	N/A	N/A	1
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	1	N/A	N/A	1
Madeline May-Lung Wong <i>(retired on 28 August 2014)</i>	0	N/A	N/A	0
Daniel Chi-Wai Tse	1	1	2	1
Kenneth Kin-Hing Lam	0	1	2	0
Hsin-Kang Chang <i>(resigned on 1 April 2015)</i>	2	N/A	2	0

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.

CORPORATE GOVERNANCE REPORT *(Continued)*

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 <i>HK\$'000</i>
Types of services	
Audit services	2,128
Non-audit services (tax compliance services and other services)	<u>581</u>
	<u><u>2,709</u></u>

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 2015, the Company Secretary undertook no less than 15 hours of relevant professional training.

CONSTITUTIONAL DOCUMENTS

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

SHAREHOLDERS' RIGHTS

1. Convening of extraordinary general meeting on requisition by shareholders

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "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 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 for the year ended 31 March 2015.

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 1 to the financial statements.

FINANCIAL RESULTS

The Group's profit for the year ended 31 March 2015 and the Group's financial position at that date are set out in the financial statements on pages 39 to 121.

BUSINESS REVIEW

The Group is principally engaged in the businesses of property development and property investment and mainly focused on three major cities in Mainland China, namely Shenzhen, Guangzhou and Chongqing while focused mainly on property investment in Hong Kong. The long term strategy of the Group aims to generate recurring rental income sufficient to cover its operating overheads including administration expenses, finance costs plus dividends with project sales supplement the Group's additional cash inflows. Please refer to the Chairman's Statement on pages 5 to 10 of this annual report for business review of the Group in details.

One of the principal risks facing property developers is the adverse change in value of properties. The Group consistently maintains the asset-backed borrowings at reasonable loan-to-value ratios to weather any hard time during economic downturn. For details of management of financial risks and capital by the Group, please refer to note 35 to the financial statements on pages 113 to 118 of this annual report.

In the years ahead, the Group is prepared to further enhance the investment property portfolios for generating recurring rental income through acquisition of potential development land bank and/or completed properties should opportunities arise.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK\$5,375 million as at 31 March 2015 (2014: HK\$4,035 million), of which approximately 50% (2014: 40%) of the debts were classified as current liabilities. Included therein were debts of HK\$182 million (2014: HK\$196 million) related to bank loans with repayable on demand clause and HK\$2,218 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 6%. The increase in total debts was mainly due to the refinancing of the existing syndicated bank loan and certain investment properties with increased facilities as well as the drawdown of bank loans for acquisition and construction of development projects.

Total cash and bank balances including time deposits were approximately HK\$885 million as at 31 March 2015 (2014: HK\$804 million). Included in cash and bank balances are restricted bank deposits of HK\$172 million (2014: HK\$83 million) which can only be applied in the designated property development projects prior to their completion of construction. The Group had committed but undrawn banking facilities of a total of approximately HK\$89 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2015 were approximately HK\$7,718 million (2014: HK\$5,923 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\$4,490 million (2014: HK\$3,231 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK\$7,965 million (2014: HK\$6,177 million), was 56% as at 31 March 2015 (2014: 52%).

Use of proceeds from the rights issue

The net proceeds of HK\$641 million from the rights issue completed in January 2014 have been fully utilized by (i) HK\$288 million for repayment of bank loans (ii) HK\$223 million for acquisition and settlement of construction/renovation costs of the Group's projects and (iii) HK\$130 million as general working capital in accordance with the proposed applications as set out in the Company's prospectus dated 30 December 2013.

REPORT OF THE DIRECTORS *(Continued)*

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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 2015, 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\$11,708 million as at 31 March 2015 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 28 to the financial statements.

Employees and remuneration policies

The Group, not including its joint venture and an associate, employed approximately 380 employees as at 31 March 2015. 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 2015 (2014: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 4 September 2015. 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 21 September 2015.

REPORT OF THE DIRECTORS *(Continued)*

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 27 August 2015. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 24 August 2015 to 27 August 2015 (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 21 August 2015.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2015 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 3 September 2015 and 4 September 2015, 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 31 August 2015. 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 2 September 2015.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out on page 122. This summary does 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 24 to the financial statements and in the consolidated statement of changes in equity, respectively.

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 2015.

DISTRIBUTABLE RESERVES

At 31 March 2015, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the Hong Kong Companies Ordinance, amounted to HK\$701,710,000, of which HK\$90,054,000 has been proposed as a final dividend for the year. In addition, the amount of HK\$798,862,000 previously included in the Company's share premium account may be distributed in the form of fully paid bonus shares.

REPORT OF THE DIRECTORS *(Continued)*

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, purchases from the Group's five largest suppliers accounted for 64% 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 its 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.

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 (retired on 28 August 2014)
Herman Man-Hei Fung
Zuric Yuen-Keung Chan
Xiao-Ping Li
Emily Yen Wong
Daniel Chi-Wai Tse*
Kenneth Kin-Hing Lam*
Hsin-Kang Chang* (resigned on 1 April 2015)
Zuo Xiang* (appointed on 1 April 2015)
William Kwan-Lim Chu* (appointed on 11 June 2015)

* *Independent non-executive directors*

In accordance with article 95 of the Articles of Association, Zuo Xiang and William Kwan-Lim Chu will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

In accordance with article 104 of the Articles of Association, Herman Man-Hei Fung and Kenneth Kin-Hing Lam, will retire by rotation at the forthcoming annual general meeting. Kenneth Kin-Hing Lam has notified the Company that he has decided not to stand for re-election at the forthcoming annual general meeting. Herman Man-Hei Fung, being eligible, will offer himself for re-election.

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.

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were Joseph Hung-Leung Chan, Hai-Ou Gao, Ying-Hua Guo, Xiao-Wen Hong, Yiu Hong, Chi-Kin Lam, Stephen Chun-Piu Lee, Thomas Hang-Cheong Ma, David Tak-Wai Ma, Calvin Ming-Yui Ng, Louisa Kai-Nor Siu, Jason Chi-Kit Tso, James Sing-Wai Wong, Pei-Kun Zhu, Tim Bermingham and Julie Di Lorenzo.

REPORT OF THE DIRECTORS *(Continued)*

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED

(a) **Zuo Xiang**

Aged 51, was appointed as an independent non-executive director of the Company in April 2015. Mr. Xiang was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Mr. Xiang has more than 20 years of experience in principal investment, structured finance, opportunistic investment, real estate finance and investment banking in the PRC and Asia Pacific. He previously served a key position in JPMorgan Global Special Opportunities Group and a senior role in The Royal Bank of Scotland and GE Capital Group. Mr. Xiang holds a Bachelor's Degree in Philosophy from Sichuan University, Chengdu, PRC, a Master's Degree in Sociology from Morehead State University, Kentucky, U.S.A. and also a Master of Business Administration Degree in Corporate Finance from Fairleigh Dickinson University, New Jersey, U.S.A.

At the date of this report, Mr. Xiang did not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO"). Save as disclosed above, Mr. Xiang does not hold any other positions in the Company or any members of the Group, and did not hold any directorships in any listed public companies in the past three years. He does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Mr. Xiang. He is entitled to a director's fee of HK\$100,000 per annum.

Save as disclosed above, there is no other information relating to Mr. Xiang 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.

(b) **William Kwan-Lim Chu**

Aged 54, was appointed as an independent non-executive director of the Company in June 2015. Mr. Chu was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Mr. Chu had worked with one of the leading local banks in Hong Kong for 27 years and was the General Manager and Head of Corporate Banking Division when he left in 2012. He subsequently joined the Hong Kong branch of a newly incorporated Chinese bank as Deputy Chief Executive Officer. Mr. Chu has wide and good experience in the business of banking and finance. He graduated from the Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) and holds a Master of Science Degree from the University of Salford.

At the date of this report, Mr. Chu did not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Chu does not hold any other positions in the Company or any members of the Group, and did not hold any directorships in any listed public companies in the past three years. He does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

REPORT OF THE DIRECTORS *(Continued)*

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

(b) William Kwan-Lim Chu *(Continued)*

No service contract has been signed between the Company and Mr. Chu. He is entitled to a director's fee of HK\$100,000 per annum.

Save as disclosed above, there is no other information relating to Mr. Chu 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.

(c) Herman Man-Hei Fung

Aged 77, was appointed as a director of the Company in 1988 and is currently the Vice-Chairman of the Company. Mr. Fung was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Mr. Fung has actively participated in the property investment and development business for the past 44 years and has extensive experience in finance, marketing, construction and general administration of the real estate business. Mr. Fung is the Managing Director of Chinney Investments, a director of Chinney Holdings and Lucky Year, all being substantial shareholders of the Company, and a director of Chinney Capital which is a shareholder 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. Mr. Fung was appointed a member of the Board of Review (Inland Revenue Ordinance) Hong Kong from November 1996 to June 2005.

At the date of this report, Mr. Fung was interested in 500,000 shares of the Company within the meaning of Part XV of the SFO. He also acts as director of various subsidiaries and associates of the Company and Chinney Investments. Save as disclosed above, Mr. Fung does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Mr. Fung and no remuneration has been paid to Mr. Fung during the year.

Save as disclosed above, there is no other information relating to Mr. Fung 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.

REPORT OF THE DIRECTORS *(Continued)*

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 of compensation, other than statutory compensation.

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.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except as disclosed in note 32 to the financial statements, no director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding companies of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year.

REPORT OF THE DIRECTORS *(Continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2015, 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

<u>Name of director</u>	<u>Notes</u>	<u>Capacity and nature of interest</u>	<u>Number of ordinary shares held</u>	<u>Percentage of the Company's issued shares</u>
James Sai-Wing Wong	1 & 2	Through controlled corporations	500,830,139	69.52
Herman Man-Hei Fung	1	Beneficially owned	500,000	0.07

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

<u>Name of director</u>	<u>Notes</u>	<u>Name of associated corporation</u>	<u>Capacity and nature of interest</u>	<u>Number of ordinary shares/ amount of paid-up registered capital held</u>	<u>Percentage of the associated corporation's issued shares/ paid-up registered capital</u>
James Sai-Wing Wong	1 & 3	Chinney Investments	Through controlled corporation	348,019,324	63.12
	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	20,000	100.00
	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

REPORT OF THE DIRECTORS (Continued)

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

Notes:

1. All the interests stated above represent long positions.
2. Out of the 500,830,139 shares, 490,506,139 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 is a director and has beneficial interests therein. The remaining 10,324,000 shares are held by Chinney Capital of which James Sai-Wing Wong is a director and has beneficial interests therein.
3. These shares are beneficially held by Chinney Holdings. By virtue of note 2, James Sai-Wing Wong is 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 is 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.

Save as disclosed herein, as at 31 March 2015, 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.

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 (2014: HK\$9,000,000). James Sai-Wing Wong and Herman Man-Hei Fung, the directors of the Company, are also the directors of Chinney Investments.

REPORT OF THE DIRECTORS *(Continued)*

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

As at 31 March 2015, so far as is known to the directors of the Company, the following substantial shareholders and other persons 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
James Sai-Wing Wong	1, 2, 3	Through controlled corporations	500,830,139	69.52
Lucky Year	1 & 2	Through controlled corporation	490,506,139	68.09
Chinney Holdings	1 & 2	Through controlled corporation	490,506,139	68.09
Chinney Investments	1 & 2	Directly beneficially owned	490,506,139	68.09

Notes:

1. *All the interests stated above represent long positions.*
2. *James Sai-Wing Wong, Lucky Year, Chinney Holdings and Chinney Investments are deemed to be interested in the same parcel of 490,506,139 shares by virtue of Section 316 of the SFO.*
3. *10,324,000 shares are held by Chinney Capital of which James Sai-Wing Wong is a director and has beneficial interests therein.*

Save as disclosed herein, as at 31 March 2015, none of the substantial shareholders or other persons 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.

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 transaction was completed in June 2014. The above acquisition constituted a connected transaction for the Company under the Listing Rules 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.

REPORT OF THE DIRECTORS *(Continued)*

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

- (a) 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.

In March 2015, the outstanding amount of the above loan facilities was being refinanced by a new syndicated loan as detailed in (b) below.

- (b) In March 2015, Hon Kwok Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the “HK\$1,000 million Facility Agreement”) relating to a HK\$1,000 million transferable term and revolving loan facilities (the “HK\$1,000 million Loan Facilities”) with a syndicate of banks. The HK\$1,000 million Loan Facilities have a term of 48 months commencing from the date of the HK\$1,000 million Facility Agreement and to be used for refinancing the previous syndicated loans as detailed in (a) above with outstanding balance of HK\$402 million and financing the general working capital requirements of the Group.

Pursuant to the HK\$1,000 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) at least 30% of the effective shareholding in the Company or ceases to maintain management control of the Company; or (ii) James Sai-Wing Wong, Chairman of both the Company and Chinney Investments, ceases to remain as the largest beneficial ultimate shareholder of Chinney Investments.

If an event of default under the HK\$1,000 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\$1,000 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK\$1,000 million Loan Facilities to be immediately due and payable.

REPORT OF THE DIRECTORS *(Continued)*

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 number of issued shares was held by the public as at the date of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, James Sai-Wing Wong, Chairman of the Company, has deemed interests and holds directorships in companies engaged in the businesses of property investment. In this respect, James Sai-Wing Wong is 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 sufficient number of 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.

EVENT AFTER THE REPORTING PERIOD

Details of the significant event of the Group after the reporting period are set out in note 36 to the financial statements.

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, 25 June 2015

INDEPENDENT AUDITORS' REPORT



To the members 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 set out on pages 39 to 121, which comprise the consolidated statement of financial position as at 31 March 2015, 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 405 of the Hong Kong Companies Ordinance, 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.

INDEPENDENT AUDITORS' REPORT *(Continued)*

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

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

25 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
REVENUE	5	360,698	382,237
Cost of sales		<u>(169,109)</u>	<u>(174,191)</u>
Gross profit		191,589	208,046
Other income	5	12,001	8,498
Fair value gains on investment properties, net		2,526,669	588,208
Gain on disposal of investment properties, net		443	1,057
Administrative expenses		(83,603)	(79,572)
Other operating expenses, net		(36,537)	(25,196)
Finance costs	6	(70,189)	(71,794)
Share of profits and losses of a joint venture and an associate		<u>(341)</u>	<u>(14)</u>
PROFIT BEFORE TAX	7	2,540,032	629,233
Income tax expense	10	<u>(649,462)</u>	<u>(191,700)</u>
PROFIT FOR THE YEAR		<u>1,890,570</u>	<u>437,533</u>
Attributable to:			
Owners of the Company		1,898,184	436,782
Non-controlling interests		<u>(7,614)</u>	<u>751</u>
		<u>1,890,570</u>	<u>437,533</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic and diluted		<u>HK\$2.63</u>	<u>HK\$0.83</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PROFIT FOR THE YEAR	1,890,570	437,533
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	<u>(12,481)</u>	<u>(18,967)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(12,481)</u>	<u>(18,862)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,878,089</u>	<u>418,671</u>
Attributable to:		
Owners of the Company	1,885,703	417,896
Non-controlling interests	<u>(7,614)</u>	<u>775</u>
	<u>1,878,089</u>	<u>418,671</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i> <i>(Restated)</i>
NON-CURRENT ASSETS			
Property, plant and equipment	13	40,736	41,366
Investment properties	14	10,980,921	7,310,072
Investment in a joint venture	15	199	199
Investment in an associate	16	369,729	370,070
Total non-current assets		11,391,585	7,721,707
CURRENT ASSETS			
Tax recoverable		44,232	2,813
Properties held for sale under development and completed properties held for sale	17	3,048,681	2,518,436
Trade receivables	18	12,018	7,725
Prepayments, deposits and other receivables	19	149,549	87,172
Pledged deposits	20	344,048	116,370
Cash and bank balances	20	541,148	687,536
Total current assets		4,139,676	3,420,052
CURRENT LIABILITIES			
Trade payables and accrued liabilities	21	130,316	155,084
Due to an associate	16	37,490	–
Interest-bearing bank borrowings	22	2,698,579	1,601,588
Customer deposits		840,098	224,402
Tax payable		97,146	85,238
Total current liabilities		3,803,629	2,066,312
NET CURRENT ASSETS		336,047	1,353,740
TOTAL ASSETS LESS CURRENT LIABILITIES		11,727,632	9,075,447

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i> <i>(Restated)</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	22	2,676,190	2,433,303
Deferred tax liabilities	23	<u>1,086,807</u>	<u>465,544</u>
Total non-current liabilities		<u>3,762,997</u>	<u>2,898,847</u>
Net assets		<u>7,964,635</u>	<u>6,176,600</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	1,519,301	1,519,301
Reserves	25	<u>6,198,894</u>	<u>4,403,245</u>
		7,718,195	5,922,546
Non-controlling interests		<u>246,440</u>	<u>254,054</u>
Total equity		<u>7,964,635</u>	<u>6,176,600</u>

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	Attributable to owners of the Company								
	Notes	Share	Share	Capital	Exchange	Retained	Non-	Total	
		capital	premium	redemption	fluctuation	profits			controlling
	HK\$'000	account	reserve	reserve	profits	interests	HK\$'000	HK\$'000	
At 1 April 2013		480,286	396,352	10	669,585	3,375,800	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	24	240,143	408,243	-	-	-	648,386	-	648,386
Share issue expenses	24	-	(5,733)	-	-	-	(5,733)	-	(5,733)
Transition to no-par value regime	24	798,872	(798,862)	(10)	-	-	-	-	-
Final 2013 dividend declared		-	-	-	-	(60,036)	(60,036)	-	(60,036)
At 31 March 2014 and 1 April 2014		1,519,301	-	-	650,699*	3,752,546**	5,922,546	254,054	6,176,600
Profit for the year		-	-	-	-	1,898,184	1,898,184	(7,614)	1,890,570
Other comprehensive loss									
for the year:									
Exchange differences on									
translation of foreign operations		-	-	-	(12,481)	-	(12,481)	-	(12,481)
Total comprehensive									
income/(loss) for the year		-	-	-	(12,481)	1,898,184	1,885,703	(7,614)	1,878,089
Final 2014 dividend declared		-	-	-	-	(90,054)	(90,054)	-	(90,054)
At 31 March 2015		1,519,301	-	-	638,218*	5,560,676*	7,718,195	246,440	7,964,635

* These reserve accounts comprise the consolidated reserves of HK\$6,198,894,000 (2014: HK\$4,403,245,000) in the consolidated statement of financial position.

Retained profits have been adjusted for the proposed final 2014 dividend in accordance with the current year's presentations, which is described in note 2.4 to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,540,032	629,233
Adjustments for:			
Finance costs	6	70,189	71,794
Share of profits and losses of a joint venture and an associate		341	14
Interest income	5	(4,674)	(4,942)
Depreciation	7	7,889	8,504
Gain on disposal of investment properties, net	7	(443)	(1,057)
Loss/(gain) on disposal of items of property, plant and equipment	7	121	(141)
Fair value gains on investment properties, net	7	(2,526,669)	(588,208)
		86,786	115,197
Increase in properties held for sale under development and completed properties held for sale		(425,860)	(239,841)
Increase in trade receivables		(4,293)	(6,627)
Increase in prepayments, deposits and other receivables		(62,481)	(27,100)
Decrease in trade payables and accrued liabilities		(103,496)	(38,843)
Increase in an amount due to an associate		37,490	–
Increase in customer deposits		615,696	132,957
Cash generated from/(used in) operations		143,842	(64,257)
Hong Kong profits tax refunded/(paid)		38	(78)
Overseas taxes paid		(57,759)	(11,019)
Net cash flows generated from/(used in) operating activities		86,121	(75,354)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4,674	4,942
Purchases of items of property, plant and equipment	13	(7,579)	(3,397)
Proceeds from disposal of items of property, plant and equipment		199	172
Proceeds from disposal of investment properties		2,552	5,089
Additions to investment properties		(1,061,219)	(548,830)
Increase in pledged deposits		(239,145)	(3,592)
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		134,401	(68,000)
Net cash flows used in investing activities		(1,166,117)	(613,616)

CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Year ended 31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	<i>24</i>	–	648,386
Share issue expenses	<i>24</i>	–	(5,733)
Interest paid		(180,552)	(153,959)
New bank loans		1,574,332	887,177
Repayment of bank loans		(234,454)	(420,935)
Dividend paid		(90,054)	(60,036)
		<u>1,069,272</u>	<u>894,900</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		(10,724)	205,930
Cash and cash equivalents at beginning of year		547,536	342,595
Effect of foreign exchange rates changes, net		(1,263)	(989)
		<u>535,549</u>	<u>547,536</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	<i>20</i>	535,549	436,537
Non-pledged time deposits	<i>20</i>	5,599	250,999
		<u>541,148</u>	<u>687,536</u>
Cash and bank balances as stated in the consolidated statement of financial position		541,148	687,536
Non-pledged time deposits with original maturity of more than three months when acquired		(5,599)	(140,000)
		<u>535,549</u>	<u>547,536</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

1. CORPORATE AND GROUP 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”).

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
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
Gold Famous Development Limited	Hong Kong	HK\$1	–	100	Property development
Guangzhou Honkwok Fuqiang Land Development Ltd.**	PRC/Mainland China	RMB185,000,000	–	60	Property development

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
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
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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
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
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 above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They 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 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

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

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

In addition, the requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time, during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

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	<i>Financial Instruments</i> ⁴
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ²
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 1	<i>Disclosure Initiative</i> ²
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ²

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

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:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 April 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

(Continued)

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 April 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1 April 2016.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 April 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 associates and joint venture is 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 an associate or a joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

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 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 of the acquiree.

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

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 operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures certain of 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Operating 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.

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.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, 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:

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

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.

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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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:

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial liabilities

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

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

Cash and cash equivalents

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

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

Income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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;
- (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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

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.

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 4.28% (2014: 4.19%) has been applied to the expenditure on the individual assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were 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. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

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

Foreign currencies

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

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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 Hong Kong dollars 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:

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.

Revenue recognition

The Group recognises revenue from the sale of properties held for sale as disclosed in note 2.4. The assessment of when an entity has transferred the significant risks and rewards of ownership associated with the properties to buyers requires the examination of the circumstances of the transactions.

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

Judgements *(Continued)*

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 flow 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.

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 or the remaining construction cost can be accurately estimated.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

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

Judgements *(Continued)*

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.

Estimation of net realisable values 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 17 to the financial statements.

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

Estimation uncertainty *(Continued)*

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 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

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 23 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 for 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 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 bank balances, 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2015

4. OPERATING SEGMENT INFORMATION (Continued)

	Property development		Property investment		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	148,421	177,009	175,064	168,474	37,213	36,754	360,698	382,237
Segment results	29,084	56,907	2,645,001	703,004	(6,593)	(4,209)	2,667,492	755,702
Reconciliation:								
Interest income							4,674	4,942
Unallocated expenses							(61,604)	(59,603)
Finance costs							(70,189)	(71,794)
Share of profits and losses of a joint venture and an associate							(341)	(14)
Profit before tax							2,540,032	629,233
Segment assets	3,233,722	2,654,507	11,597,834	7,855,590	1,913,139	1,542,884	16,744,695	12,052,981
Reconciliation:								
Elimination of intersegment receivables							(2,512,790)	(2,088,210)
Investment in a joint venture							199	199
Investment in an associate							369,729	370,070
Corporate and other unallocated assets							929,428	806,719
Total assets							15,531,261	11,141,759
Segment liabilities	1,984,856	1,394,805	892,124	537,653	643,714	535,238	3,520,694	2,467,696
Reconciliation:								
Elimination of intersegment payables							(2,512,790)	(2,088,210)
Corporate and other unallocated liabilities							6,558,722	4,585,673
Total liabilities							7,566,626	4,965,159

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development		Property investment		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	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	-	-	2,526,669	588,208	-	-	2,526,669	588,208
Depreciation	997	1,157	2,210	1,938	4,682	5,409	7,889	8,504
Capital expenditure*	879	177	1,151,351	638,607	1,638	853	1,153,868	639,637

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

Geographical information

(a) Revenue

	2015	2014
	HK\$'000	HK\$'000
Hong Kong	98,802	90,418
Mainland China	261,896	291,819
	<u>360,698</u>	<u>382,237</u>

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

(b) Non-current assets

	2015	2014
	HK\$'000	HK\$'000
Hong Kong	3,293,181	2,539,241
Mainland China	7,728,476	4,812,197
	<u>11,021,657</u>	<u>7,351,438</u>

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

5. REVENUE AND OTHER INCOME

Revenue represents income from the sale of properties, gross rental income and property management income during the year.

An analysis of revenue and other income is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Sale of properties	148,421	177,009
Gross rental income	210,432	202,963
Property management income	1,845	2,265
	<u>360,698</u>	<u>382,237</u>
Other income		
Bank interest income	4,674	4,942
Others	7,327	3,556
	<u>12,001</u>	<u>8,498</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank loans, overdrafts and other loans	180,552	153,959
Less: Interest capitalised under property development projects	<u>(110,363)</u>	<u>(82,165)</u>
	<u>70,189</u>	<u>71,794</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

7. PROFIT BEFORE TAX

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

	2015	2014
	HK\$'000	HK\$'000
Cost of properties sold	88,785	100,139
Depreciation	7,889	8,504
Minimum lease payments under operating leases on land and buildings [#]	21,284	20,161
Auditors' remuneration	2,128	1,998
Employee benefit expense (including directors' remuneration <i>(note 8)</i>):		
Wages, salaries, allowances and benefits in kind	46,142	42,790
Pension scheme contributions	1,567	1,426
	47,709	44,216
Less: Amounts capitalised under property development projects	(12,400)	(11,300)
	35,309	32,916
Gross rental income	(210,432)	(202,963)
Less: Outgoing expenses*	80,324	74,052
	(130,108)	(128,911)
Rental income on investment properties less direct operating expenses of HK\$45,753,000 (2014: HK\$42,022,000)	(129,310)	(126,452)
Foreign exchange differences, net	–	164
Fair value gains on investment properties, net	(2,526,669)	(588,208)
Gain on disposal of investment properties, net	(443)	(1,057)
Interest income	(4,674)	(4,942)
Loss/(gain) on disposal of items of property, plant and equipment	121	(141)

At 31 March 2015 and 2014, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant.

[#] Included in the amount are rental expenses for carpark operations of HK\$9,636,000 (2014: HK\$8,018,000) 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Fees	<u>300</u>	<u>263</u>
Other emoluments:		
Salaries, allowances and benefits in kind	7,867	6,994
Discretionary performance-related bonuses*	3,100	2,700
Pension scheme contributions	<u>34</u>	<u>30</u>
	<u>11,001</u>	<u>9,724</u>
	<u><u>11,301</u></u>	<u><u>9,987</u></u>

* 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Daniel Chi-Wai Tse	75	75
Kenneth Kin-Hing Lam	75	75
Hsin-Kang Chang	<u>75</u>	<u>75</u>
	<u><u>225</u></u>	<u><u>225</u></u>

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Discretionary performance- related bonuses <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
2015					
Executive directors:					
James Sai-Wing Wong	-	-	-	-	-
Zuric Yuen-Keung Chan	-	4,377	1,800	17	6,194
Xiao-Ping Li	-	3,490	1,300	17	4,807
	<u>-</u>	<u>7,867</u>	<u>3,100</u>	<u>34</u>	<u>11,001</u>
Non-executive directors:					
Madeline May-Lung Wong	-	-	-	-	-
Herman Man-Hei Fung	-	-	-	-	-
Emily Yen Wong	75	-	-	-	75
	<u>75</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>
	<u>75</u>	<u>7,867</u>	<u>3,100</u>	<u>34</u>	<u>11,076</u>
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
	<u>-</u>	<u>6,994</u>	<u>2,700</u>	<u>30</u>	<u>9,724</u>
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
	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>
	<u>38</u>	<u>6,994</u>	<u>2,700</u>	<u>30</u>	<u>9,762</u>

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2014: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2014: three) non-director, highest paid employees are set out below:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	7,850	6,592
Pension scheme contributions	<u>421</u>	<u>368</u>
	<u><u>8,271</u></u>	<u><u>6,960</u></u>

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

	Number of employees	
	2015	2014
HK\$2,000,001 to HK\$2,500,000	–	3
HK\$2,500,001 to HK\$3,000,000	2	–
HK\$3,000,001 to HK\$3,500,000	<u>1</u>	<u>–</u>
	<u><u>3</u></u>	<u><u>3</u></u>

10. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year. In the prior year, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

10. INCOME TAX *(Continued)*

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong	–	24
Current – Elsewhere	14,446	16,953
LAT in Mainland China	13,753	10,425
Deferred (<i>note 23</i>)	621,263	164,298
Total tax charge for the year	649,462	191,700

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:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax	2,540,032	629,233
Tax at the statutory tax rate	636,399	166,935
Income not subject to tax	(11,981)	(655)
Expenses not deductible for tax	10,232	14,733
Tax losses utilised from previous periods	(1,534)	(2,550)
Tax losses not recognised	15,853	9,988
Profits and losses attributable to a joint venture and an associate	84	3
LAT	13,753	10,425
Others	(13,344)	(7,179)
Tax charge at the Group's effective rate of 25.6% (2014: 30.5%)	649,462	191,700

There was no share of tax attributable to an associate and a joint venture during the year ended 31 March 2015 (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

11. DIVIDEND

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Proposed final –12.5 HK cents (2014:12.5 HK cents) per ordinary share	<u>90,054</u>	<u>90,054</u>

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$1,898,184,000 (2014: HK\$436,782,000), and the weighted average number of ordinary shares in issue during the year of 720,429,301 (2014: 527,408,166).

The weighted average number of ordinary shares in issue for the year ended 31 March 2014 used in the basic earnings per share calculation had been adjusted to reflect the effect of the rights issue completed in January 2014 as set out in note 24.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2015 and 2014 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during those years.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2015					
At 31 March 2014 and at 1 April 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	<u>15,956</u>	<u>16,027</u>	<u>5,057</u>	<u>4,326</u>	<u>41,366</u>
At 1 April 2014, net of accumulated depreciation					
At 1 April 2014, net of accumulated depreciation	15,956	16,027	5,057	4,326	41,366
Additions	3,972	187	2,791	629	7,579
Disposals	–	–	(93)	(227)	(320)
Depreciation provided during the year	(1,335)	(3,425)	(1,991)	(1,138)	(7,889)
At 31 March 2015, net of accumulated depreciation	<u>18,593</u>	<u>12,789</u>	<u>5,764</u>	<u>3,590</u>	<u>40,736</u>
At 31 March 2015:					
Cost	31,024	28,801	22,717	9,167	91,709
Accumulated depreciation	(12,431)	(16,012)	(16,953)	(5,577)	(50,973)
Net carrying amount	<u>18,593</u>	<u>12,789</u>	<u>5,764</u>	<u>3,590</u>	<u>40,736</u>
31 March 2014					
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	<u>17,174</u>	<u>19,449</u>	<u>5,942</u>	<u>3,847</u>	<u>46,412</u>
At 1 April 2013, net of accumulated depreciation					
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	<u>15,956</u>	<u>16,027</u>	<u>5,057</u>	<u>4,326</u>	<u>41,366</u>
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	<u>15,956</u>	<u>16,027</u>	<u>5,057</u>	<u>4,326</u>	<u>41,366</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

14. INVESTMENT PROPERTIES

	2015			Total HK\$'000
	Completed investment properties at fair value HK\$'000	Investment properties under construction at fair value HK\$'000	Investment properties under construction at cost HK\$'000	
At beginning of year	4,601,250	1,276,250	1,432,572	7,310,072
Additions	17,183	155,354	973,752	1,146,289
Disposals	(2,109)	–	–	(2,109)
Transfer	–	1,716,603	(1,716,603)	–
Net gains from fair value adjustments	84,876	2,441,793	–	2,526,669
At end of year	<u>4,701,200</u>	<u>5,590,000</u>	<u>689,721</u>	<u>10,980,921</u>
	2014			
	Completed investment properties at fair value HK\$'000	Investment properties under construction at fair value HK\$'000	Investment properties under construction at cost HK\$'000	Total 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	<u>4,601,250</u>	<u>1,276,250</u>	<u>1,432,572</u>	<u>7,310,072</u>

14. INVESTMENT PROPERTIES *(Continued)*

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 2015 based on valuations performed by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at an aggregate value of HK\$10,291,200,000. 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 30(a) to the financial statements.

Investment properties under construction included interest expense of HK\$70,969,000 (2014: HK\$50,508,000) 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 2014 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\$2,383 million and a related deferred tax of HK\$596 million which were both recognised in the consolidated statement of profit or loss for the year. In the prior 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. That 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 that 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 they were therefore measured at cost in the consolidated statement of financial position.

At 31 March 2015, the Group's investment properties with an aggregate carrying value of HK\$10,955,221,000 (2014: HK\$7,291,972,000) were pledged to the Group's bankers to secure the banking facilities granted to the Group as detailed in note 22(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 22(a)(iii).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

14. INVESTMENT PROPERTIES *(Continued)*

Based on the property ownership certificates, a portion of the completed investment properties with a total gross floor area of approximately 3,023 sq.m is designated as non-market commodity housing which is not freely transferable in the market. As at 31 March 2015, the carrying amount of such portion amounted to HK\$101,500,000.

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 123 to 126.

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 2015 using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Recurring fair value measurement for:				
Commercial properties	–	–	10,291,200	10,291,200
	<u>–</u>	<u>–</u>	<u>10,291,200</u>	<u>10,291,200</u>
	Fair value measurement as at 31 March 2014 using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Recurring fair value measurement for:				
Commercial properties	–	–	5,877,500	5,877,500
	<u>–</u>	<u>–</u>	<u>5,877,500</u>	<u>5,877,500</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

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 (2014: Nil).

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

	<i>HK\$'000</i>
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	<u>(8,483)</u>
Carrying amount at 31 March 2014 and 1 April 2014	5,877,500
Additions	172,537
Disposals	(2,109)
Transfer	1,716,603
Net gains from fair value adjustments	<u>2,526,669</u>
Carrying amount at 31 March 2015	<u><u>10,291,200</u></u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

14. 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		
			2015	2014	
<u>Commercial properties</u>					
Completed	Income capitalisation approach	Estimated rental value per sq.ft. and per month (HK\$)	20 to 165	19 to 155	
		per sq.m. and per month (Renminbi ("RMB"))	60 to 400	55 to 423	
		Capitalisation rate	3% to 6.5%	3% to 6.5%	
	Direct comparison approach	Unit price (HK\$/unit)	700,000 to 1,500,000	500,000 to 1,100,000	
		Unit price (RMB/unit)	80,000 to 400,000	80,000 to 400,000	
		Price per sq.ft. (HK\$)	8,600 to 11,000	8,000 to 10,000	
	Discounted cash flow approach	Room tariff (RMB)	460	480	
		Occupancy rate	71%	73%	
		Stabilised growth rate	3%	3%	
Terminal capitalisation rate		5.5%	5.5%		
Discount rate		8.5%	8.5%		
Under construction	Direct comparison approach and discounted cash flow approach	Interest rate	5.35% to 5.75%	6% to 6.15%	
		Estimated cost to completion per sq.m. (RMB)	2,630 to 4,720	1,130 to 4,300	
	Developer's profit margin	3% to 15%	5% to 10%		

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

15. INVESTMENT IN A JOINT VENTURE

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	199	199

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

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

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

* *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:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

16. INVESTMENT IN AN ASSOCIATE/DUE TO AN ASSOCIATE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Goodwill on acquisition	18,374	18,374
Share of net assets	<u>351,355</u>	<u>351,696</u>
	<u>369,729</u>	<u>370,070</u>
Due to an associate	<u>37,490</u>	<u>–</u>

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

Name	Particulars of issued 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

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Share of the associate's loss for the year	(341)	(14)
Share of the associate's other comprehensive income	–	105
Share of the associate's total comprehensive income/(loss)	(341)	91
Aggregate carrying amount of the Group's investment in an associate	<u>369,729</u>	<u>370,070</u>

The amount due to an associate is unsecured, interest-free and has no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Completed properties held for sale	882,630	261,058
Properties held for sale under development	<u>2,166,051</u>	<u>2,257,378</u>
	<u>3,048,681</u>	<u>2,518,436</u>
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Properties held for sale under development		
– expected to be recovered:		
Within one year	753,961	510,765
After one year	554,873	899,669
– pending construction expected to be recovered after one year	<u>857,217</u>	<u>846,944</u>
	<u>2,166,051</u>	<u>2,257,378</u>

Properties held for sale under development and completed properties held for sale included interest expense of HK\$39,394,000 (2014: HK\$31,657,000) 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\$408,633,000 (2014: HK\$759,965,000) at the end of the reporting period were pledged to secure the banking facilities granted to the Group as detailed in note 22(a)(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

17. 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\$310,191,000 (2014: HK\$287,897,000) 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 was completed and those property units were delivered to purchasers since the financial year 2012/13.

The land use right of a portion of an unencumbered 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 (2014: 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 significant impact on the development of the project.

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 123 to 126.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

18. 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:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	1,907	2,136
31 to 60 days	936	1,859
61 to 90 days	804	1,607
Over 90 days	8,371	2,123
	12,018	7,725

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:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	–	–
Within 30 days past due	1,907	2,136
31 to 90 days past due	1,740	3,466
Over 90 days past due	8,371	2,123
	12,018	7,725

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Prepayments	76,025	17,577
Deposits	13,075	12,169
Other receivables	70,973	67,950
Impairment	<u>(10,524)</u>	<u>(10,524)</u>
	<u>149,549</u>	<u>87,172</u>

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 (2014: HK\$10,524,000) with a carrying amount before provision of HK\$10,524,000 (2014: HK\$10,524,000). The Group does not hold any collateral or other credit enhancements over this balance.

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

20. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
	<i>Note</i>	
Cash and bank balances	535,549	436,537
Time deposits	<u>349,647</u>	<u>367,369</u>
	885,196	803,906
Less: Pledged time deposits:		
Pledged for short term bank loans	22(a)(v) <u>(344,048)</u>	<u>(116,370)</u>
	<u>541,148</u>	<u>687,536</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

20. CASH AND BANK BALANCES AND PLEDGED DEPOSITS *(Continued)*

Included in cash and bank balances are restricted bank deposits of HK\$171,907,000 (2014: HK\$83,319,000) 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\$329,813,000 (2014: HK\$358,035,000). The RMB is not freely convertible into other currencies, however, under 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.

21. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK\$57,374,000 (2014: HK\$69,765,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	<u>57,374</u>	<u>69,765</u>

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

22. INTEREST-BEARING BANK BORROWINGS

	2015			2014		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank loan – unsecured	2.8	on demand	7,000	4.2	2014-2015	150,000
Bank loans – secured	1.5-7.3	2015-2016 or on demand	<u>2,691,579</u>	1.5-7.7	2014-2015 or on demand	<u>1,451,588</u>
			<u>2,698,579</u>			<u>1,601,588</u>
Non-current						
Bank loans – unsecured	4.0	2016-2019	1,000,000	4.2	2015	282,000
Bank loans – secured	2.0-7.3	2016-2024	<u>1,676,190</u>	2.0-7.7	2015-2024	<u>2,151,303</u>
			<u>2,676,190</u>			<u>2,433,303</u>
			<u>5,374,769</u>			<u>4,034,891</u>
				2015	2014	
				HK\$'000	HK\$'000	

Analysed into:

Bank loans repayable:

Within one year or on demand	2,698,579	1,601,588
In the second year	645,799	1,636,398
In the third to fifth years, inclusive	2,003,984	766,706
Beyond five years	26,407	30,199
	<u>5,374,769</u>	<u>4,034,891</u>

22. 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\$10,955,221,000 (2014: HK\$7,291,972,000);*
 - (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\$408,633,000 (2014: HK\$759,965,000);*
 - (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\$344,048,000 (2014: HK\$116,370,000).*
- (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\$1,460,714,000 (2014: HK\$1,215,591,000), all bank borrowings at the end of the reporting period were denominated in Hong Kong dollars.*

As further explained in note 35 to the financial statements, the Group's interest-bearing bank borrowings in the amount of HK\$181,500,000 (2014: HK\$195,505,000) 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\$2,517,079,000 (2014: HK\$1,406,083,000) within one year or on demand; HK\$669,299,000 (2014: HK\$1,680,403,000) in the second year; HK\$2,037,984,000 (2014: HK\$812,206,000) in the third to fifth years, inclusive; and HK\$150,407,000 (2014: HK\$136,199,000) beyond five years.

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

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

23. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>	2015 Revaluation of investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2014	7,367	458,177	465,544
Deferred tax charged to the statement of profit or loss during the year (<i>note 10</i>)	<u>1,600</u>	<u>619,663</u>	<u>621,263</u>
At 31 March 2015	<u>8,967</u>	<u>1,077,840</u>	<u>1,086,807</u>
		2014	
	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>	Revaluation of investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2013	189	303,022	303,211
Deferred tax charged to the statement of profit or loss during the year (<i>note 10</i>)	7,178	157,120	164,298
Exchange realignment	<u>–</u>	<u>(1,965)</u>	<u>(1,965)</u>
At 31 March 2014	<u>7,367</u>	<u>458,177</u>	<u>465,544</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

23. DEFERRED TAX *(Continued)*

At the end of the reporting period, the Group had unrecognised deductible temporary differences of HK\$1,861,000 (2014: HK\$1,343,000) and unrecognised tax losses of HK\$1,293,848,000 (2014: HK\$1,221,461,000) available to offset against future taxable profits. The deductible temporary differences and tax losses have not been recognised as in the opinion of the directors, 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 2015, 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\$412,443,000 at 31 March 2015 (2014: HK\$397,748,000).

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

24. SHARE CAPITAL

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Issued and fully paid:		
720,429,301 (2014: 720,429,301) ordinary shares	<u>1,519,301</u>	<u>1,519,301</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

24. 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	Share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Total HK\$'000
At 1 April 2013	480,286,201	480,286	396,352	10	876,648
Rights issue <i>(note (a))</i>	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
Transition to no-par value regime on 3 March 2014 <i>(note (b))</i>	–	798,872	(798,862)	(10)	–
At 31 March 2014, 1 April 2014 and 31 March 2015	<u>720,429,301</u>	<u>1,519,301</u>	<u>–</u>	<u>–</u>	<u>1,519,301</u>

Notes:

- (a) *In the prior 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.*
- (b) *In accordance with the transitional provisions set out in Section 37 of Schedule 11 to the Hong Kong Companies Ordinance, on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.*

25. RESERVES

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

26. PARTLY-OWNED SUBSIDIARY WITH A MATERIAL NON-CONTROLLING INTEREST

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

	2015	2014
Percentage of equity interest held by non-controlling interest: Guangzhou Honkwok Fuqiang Land Development Ltd.	40%	40%
	2015	2014
	HK\$'000	HK\$'000
Profit/(loss) for the year allocated to non-controlling interest: Guangzhou Honkwok Fuqiang Land Development Ltd.	(7,598)	765
Accumulated balances of non-controlling interest at the reporting dates: Guangzhou Honkwok Fuqiang Land Development Ltd.	178,128	185,726

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

26. PARTLY-OWNED SUBSIDIARY WITH A MATERIAL NON-CONTROLLING INTEREST *(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.

	2015	2014
	HK\$'000	HK\$'000
Revenue	–	4,746
Total expenses	(18,994)	(2,834)
Profit/(loss) for the year	(18,994)	1,912
Total comprehensive income/(loss) for the year	(18,994)	1,888
Current assets	1,904,366	1,284,613
Non-current assets	752	821
Current liabilities	(1,459,798)	(446,120)
Non-current liabilities	–	(375,000)
Net cash flows from/(used in) operating activities	139,698	(181,238)
Net cash flows from investing activities	363	571
Net cash flows from/(used in) financing activities	(52,236)	229,108
Net increase in cash and cash equivalents	87,825	48,441

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

27. 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\$64,991,000 (2014: HK\$60,520,000) and investment properties under construction of HK\$14,101,000 (2014: HK\$36,902,000) were not paid at the end of the reporting period and were recorded as accrued liabilities.

28. CONTINGENT LIABILITIES

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

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantee given to a bank in connection with the facility granted to an associate	<u>40,000</u>	<u>–</u>

As at 31 March 2015, the banking facility guaranteed by the Group to an associate was utilised to the extent of HK\$40,000,000 (2014: Nil).

- (b) As at 31 March 2015, the Group has given guarantees of HK\$191,000,000 (2014: HK\$9,518,000) 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 ownership 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 interest and penalties and therefore no provision has been made in the financial statements for the years ended 31 March 2015 and 2014 for the guarantees.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

29. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 22 to the financial statements.

30. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its investment properties (note 14 to the financial statements) 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 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within one year	127,534	117,034
In the second to fifth years, inclusive	213,919	250,611
After five years	<u>346,925</u>	<u>366,025</u>
	<u>688,378</u>	<u>733,670</u>

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 22(a)(iii).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

30. 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 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within one year	13,997	21,977
In the second to fifth years, inclusive	<u>12,313</u>	<u>19,795</u>
	<u><u>26,310</u></u>	<u><u>41,772</u></u>

31. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 30(b) above, the Group had the following capital commitments at the end of the reporting period:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Contracted, but not provided for:		
Property development expenditure	<u><u>401,949</u></u>	<u><u>624,874</u></u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

32. 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:

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Management fees paid to the immediate holding company	<i>(i)</i>	9,000	9,000
Purchase of a property from a related company	<i>(ii)</i>	8,063	—

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. Madeline May-Lung Wong retired on 28 August 2014 and ceased to have beneficial interests in the immediate holding company with effect from 30 March 2015.*
- (ii) *In the current 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\$8,063,000 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 the 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) Outstanding balances with related parties

The Group has an outstanding balance with an associate as at the end of the reporting period. Particulars of the terms of the balance with the associate are set out in note 16 to the financial statements.

(c) Compensation of key management personnel of the Group

	2015 HK\$'000	2014 <i>HK\$'000</i>
Short term employee benefits	27,182	23,973
Post-employment benefits	947	847
	28,129	24,820

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

33. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	Loans and receivables	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	12,018	7,725
Financial assets included in prepayments, deposits and other receivables	73,524	69,595
Pledged deposits	344,048	116,370
Cash and bank balances	541,148	687,536
	970,738	881,226

Financial liabilities

	Financial liabilities at amortised cost	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial liabilities included in trade payables and accrued liabilities	126,443	151,647
Interest-bearing bank borrowings	5,374,769	4,034,891
Financial liabilities included in customer deposits	23,592	23,714
Due to an associate	37,490	—
	5,562,294	4,210,252

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

34. FAIR VALUES OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in trade payables and accrued liabilities, the current portion of interest-bearing bank borrowings and a balance with an associate 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 and other borrowings as at 31 March 2015 was assessed to be insignificant.

Fair value hierarchy

The Group did not have any financial assets measured at fair value as at 31 March 2015 and 31 March 2014.

The Group did not have any financial liabilities measured at fair value as at 31 March 2015 and 31 March 2014. As at 31 March 2015, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings (non-current portion) of HK\$2,676,190,000 (2014: HK\$2,433,303,000). 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 (2014: Nil).

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and bank balances. 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 its 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 policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from revenue or expenses by operating units in currencies other than the units' functional currencies. The Group's monetary assets, financing and transactions are principally denominated in RMB and HK\$. The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK\$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB 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 the fair value of monetary assets and liabilities).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

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

Foreign currency risk *(Continued)*

	Change in exchange rate %	Increase/ (decrease) in profit after tax and equity HK\$'000
2015		
If the Hong Kong dollar weakens against RMB	5	(652)
If the Hong Kong dollar strengthens against RMB	5	652
2014		
If the Hong Kong dollar weakens against RMB	5	(3,235)
If the Hong Kong dollar strengthens against RMB	5	3,235

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 22 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\$16,056,000 (2014: HK\$10,472,000).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

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

Interest rate risk *(Continued)*

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity <i>HK\$'000</i>
2015		
Hong Kong dollar	100	(18,929)
RMB	50	(932)
Hong Kong dollar	(100)	18,929
RMB	(50)	932
2014		
Hong Kong dollar	100	(14,713)
RMB	50	(483)
Hong Kong dollar	(100)	14,713
RMB	(50)	483

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 bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

35. 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. 50% of the Group's debts, which comprise interest-bearing bank borrowings, would mature in less than one year as at 31 March 2015 (2014: 40%) 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, 47% (2014: 35%) of the Group's debts would mature in less than one year.

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

	On demand	Less than 12 months	2015 1 to 2 years	Over 2 years	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial liabilities included in trade payables and accrued liabilities	3,812	122,631	–	–	126,443
Due to an associate	37,490	–	–	–	37,490
Interest-bearing bank borrowings	468,849	2,383,290	735,032	2,116,247	5,703,418
Financial liabilities included in customer deposits	23,592	–	–	–	23,592
Guarantee given to a bank in connection with the facility granted to an associate	40,000	–	–	–	40,000
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	191,000	–	–	–	191,000
	<u>764,743</u>	<u>2,505,921</u>	<u>735,032</u>	<u>2,116,247</u>	<u>6,121,943</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

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

Liquidity risk *(Continued)*

	2014				Total HK\$'000
	On demand HK\$'000	Less than 12 months HK\$'000	1 to 2 years HK\$'000	Over 2 years 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
	<u>281,920</u>	<u>1,645,603</u>	<u>1,719,038</u>	<u>836,092</u>	<u>4,482,653</u>

In respect of interest-bearing bank borrowings of HK\$468,849,000 (2014: HK\$245,000,000), 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 2015 for the interest-bearing bank borrowings in respect of the Group are HK\$2,681,762,000 (2014: HK\$1,551,581,000) within one year, HK\$761,527,000 (2014: HK\$1,766,032,000) in the second year, and HK\$2,290,287,000 (2014: HK\$998,400,000) beyond two years.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

35. 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 and the risk characteristics of the underlying assets. 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 2015 and 2014.

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 debt includes interest-bearing bank borrowings less cash and bank balances and pledged deposits. The gearing ratios as at the end of the reporting periods were as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest-bearing bank borrowings	5,374,769	4,034,891
Less: Cash and bank balances and pledged deposits	<u>(885,196)</u>	<u>(803,906)</u>
Net interest-bearing debt	<u>4,489,573</u>	<u>3,230,985</u>
Equity attributable to owners of the Company	7,718,195	5,922,546
Non-controlling interests	<u>246,440</u>	<u>254,054</u>
Total equity	<u>7,964,635</u>	<u>6,176,600</u>
Gearing ratio	<u>56%</u>	<u>52%</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

36. EVENT AFTER THE REPORTING PERIOD

In April 2015, a direct wholly-owned subsidiary of the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, to dispose of one of its wholly-owned subsidiaries for a cash consideration of RMB10,800,000 (equivalent to HK\$13,442,000). The principal asset of the subsidiary being disposed of was a property located in Shenzhen, PRC. The total consideration was received and the transaction was completed on 15 June 2015.

37. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosure of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> <i>(Restated)</i>
NON-CURRENT ASSETS		
Property, plant and equipment	166	91
Investments in subsidiaries	1	1
Amounts due from subsidiaries	<u>750,417</u>	<u>787,515</u>
Total non-current assets	<u>750,584</u>	<u>787,607</u>
CURRENT ASSETS		
Amounts due from subsidiaries	2,530,727	2,140,412
Prepayments, deposits and other receivables	2,699	2,421
Cash and bank balances	<u>366,378</u>	<u>167,234</u>
Total current assets	<u>2,899,804</u>	<u>2,310,067</u>
CURRENT LIABILITIES		
Amounts due to subsidiaries	1,301,572	833,794
Trade payables and accrued liabilities	9,158	8,312
Interest-bearing bank borrowings	<u>118,000</u>	<u>34,000</u>
Total current liabilities	<u>1,428,730</u>	<u>876,106</u>
NET CURRENT ASSETS	<u>1,471,074</u>	<u>1,433,961</u>
Net assets	<u>2,221,658</u>	<u>2,221,568</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2015

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> <i>(Restated)</i>
EQUITY		
Equity attributable to owners of the Company		
Share capital	1,519,301	1,519,301
Reserves <i>(note)</i>	<u>702,357</u>	<u>702,267</u>
Total equity	<u><u>2,221,658</u></u>	<u><u>2,221,568</u></u>

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

Note:

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

	Share premium account <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total reserves <i>HK\$'000</i>
At 1 April 2013	396,352	647	10	670,817	1,067,826
Total comprehensive income for the year	–	–	–	90,839	90,839
Final 2013 dividend declared	–	–	–	(60,036)	(60,036)
Issue of shares	408,243	–	–	–	408,243
Share issue expenses	(5,733)	–	–	–	(5,733)
Transition to no-par value regime	<u>(798,862)</u>	<u>–</u>	<u>(10)</u>	<u>–</u>	<u>(798,872)</u>
At 31 March 2014 and 1 April 2014	–	647	–	701,620	702,267
Total comprehensive income for the year	–	–	–	90,144	90,144
Final 2014 dividend declared	<u>–</u>	<u>–</u>	<u>–</u>	<u>(90,054)</u>	<u>(90,054)</u>
At 31 March 2015	<u><u>–</u></u>	<u><u>647</u></u>	<u><u>–</u></u>	<u><u>701,710</u></u>	<u><u>702,357</u></u>

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 June 2015.

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				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
RESULTS					
REVENUE	<u>360,698</u>	<u>382,237</u>	<u>238,370</u>	<u>899,422</u>	<u>145,534</u>
PROFIT FOR THE YEAR	<u>1,890,570</u>	<u>437,533</u>	<u>401,262</u>	<u>279,550</u>	<u>530,053</u>
Profit attributable to:					
Owners of the Company	1,898,184	436,782	401,863	216,555	528,934
Non-controlling interests	<u>(7,614)</u>	<u>751</u>	<u>(601)</u>	<u>62,995</u>	<u>1,119</u>
	<u>1,890,570</u>	<u>437,533</u>	<u>401,262</u>	<u>279,550</u>	<u>530,053</u>

	As at 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	15,531,261	11,141,759	9,298,865	8,048,104	7,820,360
TOTAL LIABILITIES	<u>(7,566,626)</u>	<u>(4,965,159)</u>	<u>(4,123,553)</u>	<u>(3,327,923)</u>	<u>(3,442,991)</u>
NET ASSETS	7,964,635	6,176,600	5,175,312	4,720,181	4,377,369
NON-CONTROLLING INTERESTS	<u>(246,440)</u>	<u>(254,054)</u>	<u>(253,279)</u>	<u>(248,066)</u>	<u>(179,174)</u>
SHAREHOLDERS' FUNDS	<u>7,718,195</u>	<u>5,922,546</u>	<u>4,922,033</u>	<u>4,472,115</u>	<u>4,198,195</u>

PARTICULARS OF PROPERTIES

31 March 2015

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 25 June 2015)	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 24 blocks high-rise apartments of ~121,000 sq.m. in progress with 6 blocks completed	– 2015	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 ~65,000 sq.m. – Internal finishing 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/ Office	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/ Office	7,845 sq.m. (84,412 sq.ft.)	128,000 sq.m. (1,377,280 sq.ft.)	Superstructure works in progress	2016	100

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

PARTICULARS OF PROPERTIES *(Continued)*

31 March 2015

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 25 June 2015)	Estimated completion date	Attributable interest of the Group (%)
MAINLAND CHINA						
7. Enterprise Square (橋城坊) 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.)	Construction works in progress	2016 to 2017	20
HONG KONG						
8. Kwai Chung Town Lot No. 495 Kin Chuen Street Kwai Chung New Territories (New Grant No. 22041)	Non-residential	29,934 sq.ft.	228,033 sq.ft.	Planning and design stage	–	100
9. 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					
10. 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
11. 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
12. Metropolitan Oasis Phase 1 (雅瑤綠洲第一期) Da Li District Nanhai Guangdong Province	Low density residential	11 town houses & 11 apartment units	3,905 sq.m. (42,018 sq.ft.)	–	100
13. Houses S, T and W Green Mountain Village Longgang Botanical Garden Longgang District Shenzhen Guangdong Province	Residential	3 units	741 sq.m. (7,973 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.

PARTICULARS OF PROPERTIES *(Continued)*

31 March 2015

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					
14. 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
15. 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
16. 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
17. 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
18. 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.

PARTICULARS OF PROPERTIES *(Continued)*

31 March 2015

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					
19. 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
20. 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
21. 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	Medium term lease	100

GROUP IV – CARPARKS HELD FOR INVESTMENT

Location	Car parking spaces	Ownership status	Attributable interest of the Group (%)
HONG KONG			
22. Provident Centre (和富中心) 21-53 Wharf Road North Point Hong Kong	9	Long term lease	100
23. Lido Garden (麗都花園) 41-63 Castle Peak Road Sham Tseng Tsuen Wan New Territories	36	Medium term lease	100
24. Shining Court (順寧居) 439 Shun Ning Road Cheung Sha Wan Kowloon	26	Medium term lease	100

NOTICE OF ANNUAL GENERAL MEETING

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, 27 August 2015 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 2015.
2. To declare a final dividend for the year ended 31 March 2015.
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 number of issued shares of the Company 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 Companies Ordinance after the passing of this Ordinary Resolution) and the said approval shall be limited accordingly.

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

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, 28 July 2015

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.