Chinney Investments, Limited

Stock Code: 216

Annual Report 2014/15

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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)*
Madeline May-Lung Wong
William Chung-Yue Fan
Herman Man-Hei Fung *(Managing Director)*
Paul Hon-To Tong
James Sing-Wai Wong
Clement Kwok-Hung Young*
Peter Man-Kong Wong*
James C. Chen*

* *Independent non-executive directors*

AUDIT COMMITTEE

James C. Chen
William Chung-Yue Fan
Clement Kwok-Hung Young
Peter Man-Kong Wong

REMUNERATION COMMITTEE

Clement Kwok-Hung Young
James C. Chen
Herman Man-Hei Fung

SECRETARY

Louisa Kai-Nor Siu

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) 2877 3307
Fax : (852) 2877 2035
E-mail : general@chinneyhonkwok.com

STOCK CODE

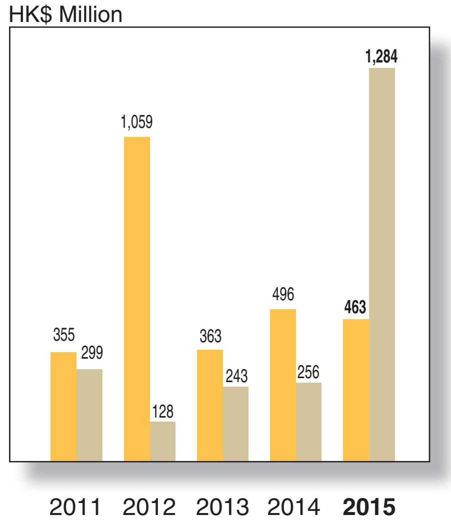
SEHK 216

WEBSITE

http://www.chinney.com.hk

Turnover / Net Profit

HK$ Million

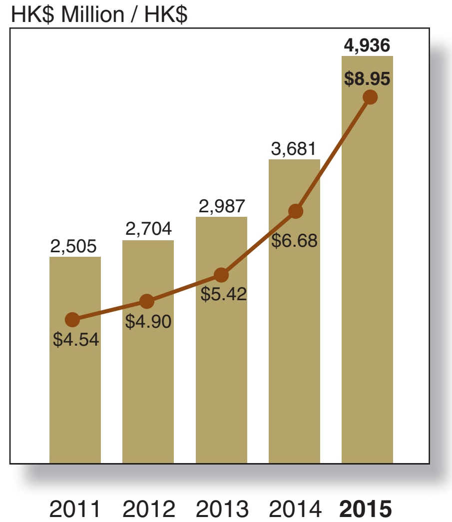


Turnover

Net profit attributable to shareholders

Shareholders' Funds / Net Assets per Share

HK$ Million / HK$

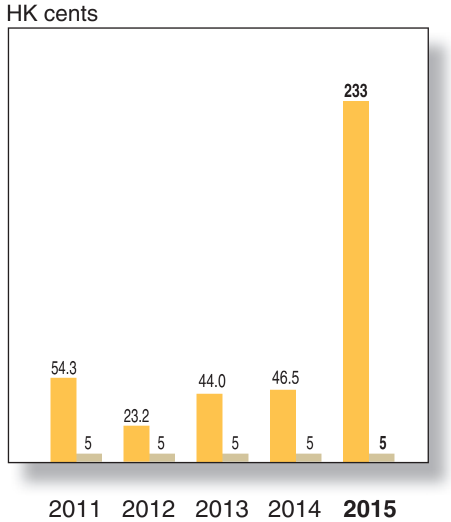


Shareholders' funds

Net assets per share (HK$)

Earnings / Dividend per Share

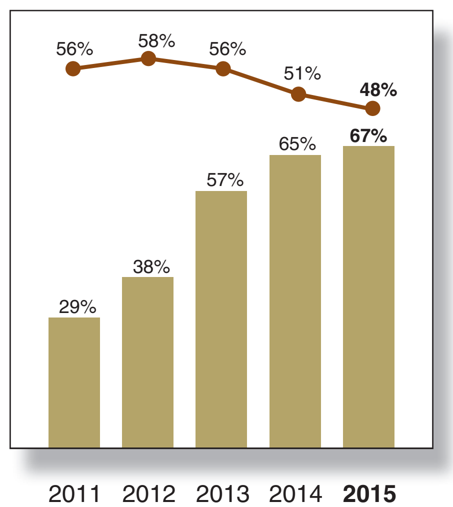
HK cents



Earnings per share

Dividend per share

Gearing / Equity Funding



Gearing ratio (*)

% of total assets financed by equity

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

LOCATION OF PROPERTY PROJECTS IN MAINLAND CHINA

Projects under Development

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

Completed Projects

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

Hotel/Serviced Apartments

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

Acquired Property

16 Ganghui Dasha 港滙大廈, held as investment property

FINANCIAL RESULTS

For the year ended 31 March 2015, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK$463 million (2014: HK$496 million) and HK$1,284 million (2014: HK$256 million), respectively. Basic earnings per share were HK$2.33 (2014: HK$0.47). The shareholders' equity grew to HK$4,936 million (2014: HK$3,681 million). Net assets per share were HK$8.95 (2014: HK$6.68).

During the year under review, the turnover recorded mainly included the property sale of a portion of Metropolitan Oasis Phase 1, in Da Li District, Nanhai, the property development project owned by our 68.09% Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160), the sold units of which have been delivered to purchasers in progress. The substantial increase in net profit for current year was attributable to the substantial valuation gain from one of the wholly-owned investment properties under construction, being the Hon Kwok City Commercial Centre in Shenzhen, which was stated at cost as at 31 March 2014, has been revalued on an open market by independent professional qualified valuers as at 31 March 2015 as its fair value can be determined reliably. Thus, the overall fair value gain upon revaluation of Hon Kwok Group's investment properties, net of deferred tax, substantially increased to HK$1,907 million for current year (2014: HK$424 million), leading to a significant increase of the Group's overall net profit.

The substantial valuation gain arising mainly from one of the investment properties under construction in the Hon Kwok Group represented the fair value gain recognized according to the stage of completion up to the year end date for year under review. The investment property under construction which was stated at cost in prior years, has been revalued when the fair value can be determined reliably at year end. Similar revaluation process will apply for the coming years according to the progress of completion.

DIVIDEND

The Directors recommend the payment of a final dividend of 5 Hong Kong cents per ordinary share for the year ended 31 March 2015 (2014: 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 23 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.

BUSINESS REVIEW

1. Property

The Group's property development and investment activities are conducted by Hon Kwok. Hon Kwok reported a turnover of HK$361 million (2014: HK$382 million) and a net profit of HK$1,898 million (2014: HK$437 million) for the financial year 2014/15.

Acquisition of Properties

In January 2015, a wholly-owned subsidiary of Hon Kwok Group 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 both the Company and Hon Kwok 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 Hon Kwok Group 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 both the Company and Hon Kwok 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.

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

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.

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.

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Development *(Continued)*

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. Hon Kwok Group has 20% interest in this project.

Enterprise Square – architect perspective

Enterprise Square – construction works in progress

BUSINESS REVIEW *(Continued)*

1. Property *(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 Hon Kwok 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.

Hon Kwok City Commercial Centre – architect perspective

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%.

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Investment *(Continued)*

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.

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%.

Left: Chongqing Hon Kwok Centre
Right: Jinshan Shangye Zhongxin

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. 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.

BUSINESS REVIEW *(Continued)*

1. **Property** *(Continued)*

Property Investment *(Continued)*

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.

2. **Garment**

J.L. Garment Group, a wholly-owned subsidiary of our Company with garment factory situated at Dongguan, the Mainland China, reported a turnover of HK$102 million (2014: HK$114 million) with a net loss of HK$11.1 million (2014: HK$14.9 million) for the year ended 31 March 2015.

The Group's garment business, which focused on fashionable garment production in Mainland China and exported mainly to European market, continued to encounter a harsh environment. In 2014, the Eurozone's economy remained stagnated and faltered with only minimal growth recorded. As the upturn of Eurozone economies remained uncertain, their domestic demand continued slackening. Furthermore, the euro exchange rate has weakened during last year, and thus inevitably undermined our garment sales and profit margin. Nevertheless, the weak euro currency may help revive the gloomy economy in the long term.

BUSINESS REVIEW *(Continued)*

2. Garment *(Continued)*

The Eurozone's economy is expected to continue volatile. To strive for improved profitability, J.L. Garment Group has planned to scale down its operation and transform the business structure to suit the prevailing market needs. In addition, it continues to implement stringent measures on cost control and broaden its customer base to develop new orders and business opportunities.

Due to the moderate demand in Hong Kong industrial property market, J.L. Garment Group recorded a property revaluation gain of HK$2.1 million (2014: HK$2.1 million) on its investment properties which were held for rental income while the self use property in Hong Kong was carrying at historical cost which is substantially lower than its professional valuation at current market value.

3. Construction and Trading

Chinney Alliance Group Limited, a 29.1% owned associate recorded turnover and net profit for the year ended 31 December 2014 of HK$3,813 million (2013: HK$3,201 million) and HK$142.3 million (2013: HK$104.5 million, including fair value gains on equity investments of HK$21.7 million), respectively. Excluding the effect of fair value gains on equity investments in last year, the profit from its business operations was HK$142.3 million (2013: HK$82.8 million).

The construction division, mainly the Foundation Piling and Building Construction, continued its upward trend and recorded a substantial increase in turnover and profit contribution. With the enhancement of the piling plant and machinery over the past years, the division was able to enlarge its capacity for more projects with operating profit to be increased in tandem with improved efficiency. The construction related divisions will continue to be benefited from the local government's planning to increase investments in infrastructure and the building of residential housing.

Chinney Alliance is currently considering a possible spin-off for separate listing of the foundation piling business and has submitted a spin-off proposal to the Stock Exchange which is still under consideration by the Stock Exchange. For details, please refer to the announcement dated 22 May 2015 from Chinney Alliance.

The plastic trading division recorded a slight increase in operating profit resulted from the development of new distributorships and products. During the year under review, the business environment remained tough, thus the division faced keen competition amongst traders. Besides, the customers were also cost-conscious, and intended to keep lower inventory level during the period when the crude oil price dropped. Nevertheless, the division continues to broaden the product line and develop the Mainland China market to enhance its earnings and profitability.

OUTLOOK

The global economy is striving to gain momentum. After struggling in the past few years of recession, the eurozone countries have shown some signs of growth and improved customer demand, as driven by the impact of weakening euro, low oil prices and the stimulus measures implemented by the European Central Bank in March 2015. Nevertheless, the eurozone economy remains fragile and the pace of recovery is susceptible to the setback in major countries including Germany, France and Italy. In the United States, some economic data and the satisfactory employment level indicated signs of steady economic growth. As consumer confidence and retail spending are also improving, the momentum is expected to continue. Yet, the market's speculation on the timing and pace of the US Federal Reserve to raise the interest rate remains a major concern underlying the upturn of the US economy and the global trade.

In the Mainland China, economic growth slowed to 7 percent in the first quarter of 2015. To boost the softening economy, the People's Bank of China cut interest rates in May, being the third time in six months. Besides, relaxation policies of down payment requirements on the second homes were introduced in major cities early this year to spur demand. It is expected that the real estate market will attain a stable growth gradually. In light of the fact that real estate market is a crucial driver of China economy, further measures are likely to be implemented to stimulate demand in the second half of the year.

In Hong Kong, the building construction industry is expected to remain robust as the government has resolved to increase supply of residential housing and meanwhile, major infrastructure projects are in progress which tend to tighten the labour supply and will also escalate construction cost. Despite the government's cooling measures to curb soaring property prices, the residential property market is expected to remain sturdy under the strong demand for residential housing, coupled with a moderate economic growth in Hong Kong for the current financial year.

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 a director and the Chairman of the Company in 1987. He is a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), both being substantial shareholders of the Company. He is also the Chairman of Hon Kwok and Chinney Alliance Group Limited ("Chinney Alliance"). Both Hon Kwok 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.

Madeline May-Lung Wong

Aged 75, was appointed as a director of the Company in 1987. She is a director of Chinney Holdings and Lucky Year, both being substantial shareholders of the Company. She is also a director of HKR International Limited, which is listed on the Main Board of the Stock Exchange.

William Chung-Yue Fan

Aged 74, was appointed as a director of the Company in 1987. He is a solicitor in Hong Kong and has officially retired in April 2013. He is also a non-executive director of Alltronics Holdings Limited and an independent non-executive director of National Agricultural Holdings Limited, which are both listed on the Main Board of the Stock Exchange.

Herman Man-Hei Fung

Aged 77, was appointed as a director of the Company in 1987 and became the Managing Director of the Company in 1995. He is also the director of certain subsidiaries of the Company. He is also a director of Chinney Holdings and Lucky Year, both being substantial shareholders of the Company. He is the Vice-Chairman of Hon Kwok and a non-executive director of Chinney Alliance, which are both listed on the Main Board of the Stock Exchange. Mr. Fung was appointed as a member of the Board of Review (Inland Revenue Ordinance) Hong Kong from November 1996 to June 2005.

DIRECTORS *(Continued)*

Paul Hon-To Tong

Aged 69, was appointed as a non-executive director of the Company in 2010. He has many years of senior management experience in manufacturing and trading businesses with global operations. He was formerly executive vice president and general counsel of Johnson Electric Holdings Limited. He also served for many years as a member of the Board of Review (Inland Revenue Ordinance) Hong Kong. Since 19 August 2007, he has served as a non-executive director of Wing Tai Holdings Limited, which is listed on the Singapore Stock Exchange. He obtained his BSc (Economics) and postgraduate certificate of Management Studies from the University of London and the University of Oxford in England respectively. He was admitted as a barrister of the Middle Temple in England, the Supreme Court of Hong Kong and the High Court of Australia. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Secretaries and Administrators.

James Sing-Wai Wong

Aged 51, was appointed as a non-executive director of the Company in 2013. Mr. Wong graduated from the University of Washington with a Bachelor's Degree with honors in Economics. He also holds a Juris Doctor degree from the University of California Hastings College of Law, and a Master Degree in Systems Engineering and Information Systems from the Florida Institute of Technology. He is licensed to practice law in the United States of America and the State of California, where he also holds a Real Estate Broker's License. He has accumulated over 27 years' experience in economics, law, management, and information systems in Hong Kong, United States, Canada, the United Kingdom, and the Mainland China.

Mr. Wong is a director of Lucky Year and Chinney Holdings, both of which are substantial shareholders of the Company. He is also a director of Chinney Alliance, which is listed on the Main Board of the Stock Exchange. He is the son of Dr. James Sai-Wing Wong, Chairman and substantial shareholder of the Company, and Madam Madeline May-Lung Wong, non-executive director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Clement Kwok-Hung Young

Aged 81, was appointed as an independent non-executive director of the Company in 1999. He obtained his Ph.D. Degree from The University of Texas, USA and served as university professor and administrator before his retirement from the Hong Kong Baptist University. He was the supervisor of Pui Ching Academy, Pui Ching Middle and Primary Schools and a court member of the Hong Kong Baptist University. He is a director of Pui Ching Academy, Pui Ching Middle and Primary Schools.

Peter Man-Kong Wong

Aged 66, was appointed as an independent non-executive director of the Company in 2004. He is the Chairman of M.K. Corporation Limited and North West Development Limited, as well as a director of China Travel International Investment Hong Kong Limited, Far East Consortium International Limited, Glorious Sun Enterprises Limited, Hong Kong Ferry (Holdings) Company Limited, MGM China Holdings Limited, New Times Energy Corporation Limited, Sino Hotels (Holdings) Limited and Sun Hung Kai & Co. Limited. Except M.K. Corporation Limited and North West Development Limited, all the other companies are listed on the Main Board of the Stock Exchange. Mr. Wong graduated from the University of California at Berkeley in USA with a Bachelor of Science Degree in Mechanical Engineering (Naval Architecture). Mr. Wong serves as a deputy of the Twelfth National People's Congress of the People's Republic of China.

James C. Chen

Aged 65, was appointed as an independent non-executive director of the Company in 2007. He has over 37 years of experience in accounting, financial management and multinational business. He held various senior executive positions in several multinational companies in Hong Kong and is responsible for the overall management and strategic planning. Mr. Chen holds a Bachelor of Arts Degree, Cum Laude (majors in Accounting, Business Administration and International Business) from Carthage College, Wisconsin, USA. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the American Institute of Certified Public Accountants and the Chartered Global Management Accountant.

SENIOR MANAGEMENT

Zuric Yuen-Keung Chan

Aged 60, is an executive director of Hon Kwok and the Vice-Chairman and Managing Director of Chinney Alliance, which are both listed on the Main Board of the Stock Exchange. He joined the Group in 1989 and has 41 years of experience in the construction industry. He is a member of the Chartered Institute of Building.

Vincent Kwok-Kuen Wong

Aged 56, is the Managing Director of J.L. Group Company Limited, a major garment business acquired by the Company in 1993 with its markets in Europe and North America. Mr. Wong joined the Group in 1993 and has 37 years of experience in the garment industry of sourcing and manufacturing. He is responsible for the overall management of J.L. Group Company Limited.

Louisa Kai-Nor Siu

Aged 49, joined the Company in 2005 and is the Company Secretary and Financial Controller of the Company. She has 26 years of experience in the accounting field. She 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 2010 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.

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)*
Herman Man-Hei Fung *(Managing Director)*

Non-Executive Directors

Madeline May-Lung Wong
William Chung-Yue Fan
Paul Hon-To Tong
James Sing-Wai Wong

Independent Non-Executive Directors

Clement Kwok-Hung Young
Peter Man-Kong Wong
James C. Chen

Details of background and qualifications of each director are set out in the Section headed "Biographical Details of Directors and Senior Management" on pages 14 to 17 of this annual report.

BOARD OF DIRECTORS *(Continued)*

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

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

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

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

To the best knowledge of the directors, there is no financial, business and family relationships among the members of the Board except that (i) James Sai-Wing Wong and Madeline May-Lung Wong are partners in certain investments and (ii) James Sing-Wai Wong is the son of James Sai-Wing Wong and Madeline May-Lung Wong.

During the year under review, two full board meetings were held. As business operations were under the management and supervision of the executive directors of the Company, who had from time to time held meetings to resolve all material business or management issues, thus only two full board meetings were held for the year ended 31 March 2015.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of the Chairman and the Managing Director are held by two different individuals. James Sai-Wing Wong is the Chairman whereas Herman Man-Hei Fung is the Managing Director of the Company. There is a clear division of responsibilities between the Chairman and the Managing Director, in that the Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the Managing Director bears executive responsibility for the business and the management of the day-to-day operations of the Company.

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 and the Managing Director 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 and the Managing Director provides the Group with a strong and consistent leadership and is of great importance to the smooth operations of the Group.

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

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

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

Directors are required to submit to the Company annually details of training sessions undertaken by them in each financial year for the Company to maintain a training record for its directors. According to the training records maintained by the Company, the trainings received by each of the directors during the year ended 31 March 2015 is summarised as follows:

Name of director	Type of trainings
Executive Directors	
James Sai-Wing Wong	B
Herman Man-Hei Fung	B
Non-Executive Directors	
Madeline May-Lung Wong	B
William Chung-Yue Fan	A, B
Paul Hon-To Tong	A, B
James Sing-Wai Wong	A, B
Independent Non-Executive Directors	
Clement Kwok-Hung Young	B
Peter Man-Kong Wong	A, B
James C. Chen	A, B

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

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

REMUNERATION OF DIRECTORS

The Remuneration Committee was established in December 2005. The Remuneration Committee currently comprises three members, namely Clement Kwok-Hung Young, James C. Chen and Herman Man-Hei Fung. The Chairman of the Remuneration Committee is Clement Kwok-Hung Young.

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

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

AUDIT COMMITTEE

The Audit Committee was established in 2001. The Audit Committee currently comprises four members, namely James C. Chen, William Chung-Yue Fan, Clement Kwok-Hung Young and Peter Man-Kong Wong. Three of them are independent non-executive directors and one of them is non-executive director of the Company. The Chairman of the Audit Committee is James C. Chen. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee.

The Audit Committee's functions include:

- to review and monitor financial reporting and the reporting judgement contained in them; and
- to review financial and internal controls, accounting policies and practices with management and external auditors.

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

- the half-yearly and annual results and the related financial reporting matters;
- the financial and accounting policies and practices of the Group;
- the relationships with external auditors, including remuneration, independence, objectivity and effectiveness of the audit process; and
- the effectiveness of the Group's financial and internal controls and risk management system.

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

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

	Number of meetings attended during the year ended 31 March 2015			
	Board Meetings	**Remuneration Committee Meeting**	**Audit Committee Meetings**	**Annual General Meeting held on 28 August 2014**
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
Madeline May-Lung Wong	0	N/A	N/A	0
William Chung-Yue Fan	2	N/A	2	1
Herman Man-Hei Fung	2	1	2	1
Paul Hon-To Tong	2	N/A	N/A	0
James Sing-Wai Wong	1	N/A	N/A	1
Clement Kwok-Hung Young	2	1	2	0
Peter Man-Kong Wong	1	N/A	2	0
James C. Chen	2	1	2	1

NOMINATION OF DIRECTORS

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

AUDITORS' REMUNERATION

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

	Fees paid/payable *HK$'000*
Types of services	
Audit services	3,176
Non-audit services (tax compliance services and other services)	606
	3,782

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 41 and 42 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.

The directors herein present their report and the audited financial statements for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

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 43 to 133.

BUSINESS REVIEW

The Group is principally engaged in the businesses of property development and property investment mainly focused in Mainland China and the garment business mainly exports to the European markets. The Group targets to generate stable and recurrent rental income from investment properties to help cover its operating overheads and expenses whereas property sales will enhance additional cash inflows to the Group. Besides, the Group continues to strengthen the profitability and competitiveness of the garment operation. Please refer to the Chairman's Statement on pages 5 to 13 of this annual report for business review of the Group in details.

One of the principal risks facing the Group is the economic downturn which may have adverse effect on the change in value of properties and will also undermine the business environment of our garment business. The Group continually adopts a prudent financing policy to monitor the level of the asset-backed borrowings which are maintained at reasonable loan-to-value ratios. To maximize the interests of its shareholders, the Group will explore more customer markets and is prepared to further enhance the property portfolio should opportunities arise. For details of management of financial risks and capital by the Group, please refer to note 39 to the financial statements on pages 125 to 131 of this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$6,016 million as at 31 March 2015 (2014: HK$4,758 million), of which approximately 51% (2014: 43%) of the debts were classified as current liabilities. Included therein were debts of HK$182 million (2014: HK$199 million) related to bank loans with repayable on demand clause and HK$2,218 million (2014: HK$1,045 million) related to project loans which will be refinanced during the forthcoming financial year. Based on the repayment schedules pursuant to the related loan agreements and assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts was approximately 11% (2014: 16%). 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$923 million as at 31 March 2015 (2014: HK$936 million). The Group had committed but undrawn banking facilities of a total of approximately HK$434 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2015 were approximately HK$4,936 million (2014: HK$3,681 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$5,093 million (2014: HK$3,822 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$7,649 million (2014: HK$5,840 million), was 67% as at 31 March 2015 (2014: 65%).

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Pledge of assets

Bank balances, certain properties and investments with an aggregate carrying value of approximately HK$11,771 million as at 31 March 2015 and shares in certain subsidiaries 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 32 to the financial statements.

Employees and remuneration policies

The Group, not including its associates and a joint venture, employed approximately 630 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 5 Hong Kong cents per ordinary share for the year ended 31 March 2015 (2014: 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 23 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.

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 134. 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 28 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$683,016,000, of which HK$27,568,000 has been proposed as a final dividend for the year. In addition, the amount of HK$267,569,000 previously included in the Company's share premium account may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for 15% of the total sales for the year and sales to the largest customer included therein amounted to 5%. Purchases from the Group's five largest suppliers accounted for 59% of the total purchases for the year. Purchases from the Group's largest supplier included herein totalled 31%.

None of the directors of the Company or its associates 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.

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
William Chung-Yue Fan
Herman Man-Hei Fung
Paul Hon-To Tong
James Sing-Wai Wong
Clement Kwok-Hung Young*
Peter Man-Kong Wong*
James C. Chen*

* *Independent non-executive directors*

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

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, Yu-Kok Chan, Hai-Ou Gao, Ying-Hua Guo, Rebecca Wing-Man Ho, Xiao-Wen Hong, Yiu Hong, Chi-Kin Lam, Stephen Chun-Piu Lee, Xiao-Ping Li, Thomas Hang-Cheong Ma, David Tak-Wai Ma, Calvin Ming-Yui Ng, Louisa Kai-Nor Siu, Jason Chi-Kit Tso, Vincent Kwok-Kuen Wong, May-Kwan Yim, Pei-Kun Zhu, Tim Bermingham and Julie Di Lorenzo.

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED

(a) Paul Hon-To Tong

Aged 69, was appointed as a non-executive director of the Company in 2010. Mr. Tong 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. Tong has many years of senior management experience in manufacturing and trading businesses with global operations. He was formerly executive vice president and general counsel of Johnson Electric Holdings Limited. He also served for many years as a member of the Board of Review (Inland Revenue Ordinance) Hong Kong. Since 19 August 2007, he has served as a non-executive director of Wing Tai Holdings Limited, which is listed on the Singapore Stock Exchange. He obtained his BSc (Economics) and postgraduate certificate of Management Studies from the University of London and the University of Oxford in England respectively. He was admitted as a barrister of the Middle Temple in England, the Supreme Court of Hong Kong and the High Court of Australia. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Secretaries and Administrators.

At the date of this report, Mr. Tong 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. Tong 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. Tong. He is entitled to a director's fee of HK$75,000 per annum.

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

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

(b) James Sing-Wai Wong

Aged 51, was appointed as a non-executive director of the Company in 2013. Mr. Wong 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. Wong graduated from the University of Washington with a Bachelor's Degree with honors in Economics. He also holds a Juris Doctor degree from the University of California Hastings College of Law, and a Master Degree in Systems Engineering and Information Systems from the Florida Institute of Technology. He is licensed to practice law in the United States of America and the State of California, where he also holds a Real Estate Broker's License. He has accumulated over 27 years' experience in economics, law, management, and information systems in Hong Kong, United States, Canada, the United Kingdom, and the Mainland China.

Mr. Wong is a director of Lucky Year and Chinney Holdings, both of which are substantial shareholders of the Company. He is also a director of Chinney Alliance, which is listed on the Main Board of the Stock Exchange. He is the son of Dr. James Sai-Wing Wong, Chairman and substantial shareholder of the Company, and Madam Madeline May-Lung Wong, non-executive director of the Company.

Mr. Wong was a director of Lion Mark Holdings Limited and Lion Foods Limited (collectively the "Lion Group") during the period from May 1995 to July 2007. Lion Group was incorporated in the United Kingdom and engaged in food manufacturing, processing and ingredient trading. Lion Group was put into administration proceedings on 10 October 2002. The entire business was sold by the administrators in the same year and Lion Group was subsequently dissolved in July 2007.

At the date of this report, Mr. Wong 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. Wong 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. Wong. He is entitled to a director's fee of HK$75,000 per annum.

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 14 to 17 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 36 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.

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

Name of director	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
James Sai-Wing Wong	*1 & 2*	Through controlled corporations	348,019,324	63.12
	1	Beneficially owned	480,000	0.09
William Chung-Yue Fan	*1*	Beneficially owned	1,882,285	0.34

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

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued shares/ paid-up registered capital
James Sai-Wing Wong	*1 & 3*	Hon Kwok	Through controlled corporation	500,830,139	69.52
	1 & 4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 7	Chinney Trading Company Limited	Through controlled corporations	10,400	80.00
	1 & 5	Chinney Alliance	Through controlled corporation	435,940,216	73.28
	1 & 6	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
Herman Man-Hei Fung	*1*	Hon Kwok	Beneficially owned	500,000	0.07

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

Notes:

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

2. *These shares are beneficially held by Chinney Holdings, which is a subsidiary of Lucky Year. James Sai-Wing Wong is a director of Lucky Year and has beneficial interests therein.*

3. *Out of the 500,830,139 shares, 490,506,139 shares are beneficially held by the Company. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in these shares. The remaining 10,324,000 shares are held by Chinney Capital Limited of which James Sai-Wing Wong is a director and has beneficial interests therein.*

4. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is held by a wholly-owned subsidiary of Hon Kwok and RMB74,000,000 is held by a company controlled by James Sai-Wing Wong. By virtue of note 3, James Sai-Wing Wong is deemed to be interested in this company.*

5. *Out of the 435,940,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 262,846,521 shares are held by companies controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in these shares.*

6. *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.*

7. *Out of the 10,400 shares, 2,600 shares are held by a wholly-owned subsidiary of Hon Kwok and the remaining 7,800 shares are held by a company controlled by James Sai-Wing Wong. By virtue of note 3, 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.

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 (other than the directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Chinney Holdings	Directly beneficially owned	348,019,324	63.12
Lucky Year	Through controlled corporation	348,019,324	63.12

All the interests stated above represent long positions. Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of Section 316 of the SFO.

Save as disclosed herein, as at 31 March 2015, none of the substantial shareholders or other persons (other than the directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTION

On 29 May 2014, a wholly-owned subsidiary of Hon Kwok 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 both the Company and Hon Kwok 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.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

(a) In June 2012, Hon Kwok Treasury Limited, a wholly-owned subsidiary of Hon Kwok, 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 Hon Kwok and its subsidiaries.

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

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 (c) below.

(b) In August 2013, Chinney Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the "HK$500 million Facility Agreement") relating to a HK$500 million transferable term and revolving loan facilities (the "HK$500 million Loan Facilities") with a syndicate of banks. The HK$500 million Loan Facilities have a term of 48 months commencing from the date of the HK$500 million Facility Agreement and to be used for financing the Group's general working capital requirements.

Pursuant to the HK$500 million Facility Agreement, it shall be an event of default if James Sai-Wing Wong, Chairman and substantial shareholder of the Company, ceases to (i) maintain management control over the Company; or (ii) remain as the major beneficial ultimate shareholder of the Company; or (iii) hold (whether directly or indirectly) at least 50% of equity interest in the Company (within the meaning of Part XV of the SFO).

If an event of default under the HK$500 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$500 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK$500 million Loan Facilities to be immediately due and payable.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES *(Continued)*

(c) In March 2015, Hon Kwok Treasury Limited, a wholly-owned subsidiary of Hon Kwok, 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 Hon Kwok and its subsidiaries.

Pursuant to the HK$1,000 million Facility Agreement, it shall be an event of default if (i) the Company ceases to be the single largest shareholder of Hon Kwok or ceases to hold (whether directly or indirectly) at least 30% of the effective shareholding in Hon Kwok or ceases to maintain management control of Hon Kwok; or (ii) James Sai-Wing Wong, Chairman of both Hon Kwok and the Company, ceases to remain as the largest beneficial ultimate shareholder of the Company.

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.

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

As the Board is independent from the board of those entities and maintains 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 40 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
Managing Director

Hong Kong, 25 June 2015

EY 安永

To the members of Chinney Investments, Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Chinney Investments, Limited (the "Company") and its subsidiaries set out on pages 43 to 133, 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.

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

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	5	**462,905**	496,323
Cost of sales		**(253,135)**	(269,811)
Gross profit		**209,770**	226,512
Other income	5	**13,714**	12,641
Gain on disposal of investment properties, net		**443**	1,057
Fair value gains on investment properties, net		**2,528,809**	590,308
Gain on disposal of equity investments at fair value through profit or loss		**–**	7,944
Fair value gains on equity investments at fair value through profit or loss, net		**149**	47
Selling and distribution expenses		**(14,707)**	(18,435)
Administrative and other operating expenses, net		**(154,324)**	(140,316)
Finance costs	6	**(93,510)**	(83,155)
Share of profits and losses of a joint venture and associates		**41,073**	30,395
PROFIT BEFORE TAX	7	**2,531,417**	626,998
Income tax expense	10	**(649,439)**	(187,902)
PROFIT FOR THE YEAR		**1,881,978**	439,096
Attributable to:			
Owners of the Company		**1,283,791**	256,490
Non-controlling interests		**598,187**	182,606
		1,881,978	439,096
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic and diluted		**HK$2.33**	HK$0.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	2015 *HK$'000*	2014 *HK$'000*
PROFIT FOR THE YEAR	**1,881,978**	439,096
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(loss) of associates	**(118)**	928
Exchange differences on translation of foreign operations	**(12,513)**	(18,749)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(12,631)**	(17,821)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,869,347**	421,275
Attributable to:		
Owners of the Company	**1,275,143**	237,860
Non-controlling interests	**594,204**	183,415
	1,869,347	421,275

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	**90,332**	94,338
Prepaid land lease payments	14	**10,313**	11,567
Investment properties	15	**11,013,061**	7,340,072
Investment in a joint venture	17	**199**	199
Investments in associates	18	**554,319**	519,423
Total non-current assets		**11,668,224**	7,965,599
CURRENT ASSETS			
Inventories	19	**4,439**	3,071
Properties held for sale under development and completed properties held for sale	20	**3,065,609**	2,535,364
Prepaid land lease payments	14	**1,276**	1,294
Trade and bills receivables	21	**27,216**	19,786
Prepayments, deposits and other receivables	22	**156,028**	96,257
Equity investments at fair value through profit or loss	23	**820**	657
Tax recoverable		**44,232**	2,813
Pledged deposits	24	**344,048**	116,370
Cash and bank balances	24	**579,093**	820,044
Total current assets		**4,222,761**	3,595,656
CURRENT LIABILITIES			
Trade payables and accrued liabilities	25	**152,733**	177,151
Customer deposits		**840,098**	224,402
Due to an associate	18	**37,490**	–
Tax payable		**101,633**	89,260
Interest-bearing bank borrowings	26	**3,069,728**	2,024,588
Total current liabilities		**4,201,682**	2,515,401
NET CURRENT ASSETS		**21,079**	1,080,255
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,689,303**	9,045,854

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

Year ended 31 March 2015

	Notes	**2015** **HK$'000**	2014 HK$'000 (Restated)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*26*	**2,946,190**	2,733,303
Deferred tax liabilities	*27*	**1,094,083**	472,868
Total non-current liabilities		**4,040,273**	3,206,171
Net assets		**7,649,030**	5,839,683
EQUITY			
Equity attributable to owners of the Company			
Share capital	*28*	**405,411**	405,411
Reserves	*29*	**4,530,325**	3,275,389
		4,935,736	3,680,800
Non-controlling interests		**2,713,294**	2,158,883
Total equity		**7,649,030**	5,839,683

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium account HK$'000	Other reserve HK$'000	Asset revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2013	137,842	267,569	38,320	5,489	377,902	2,159,722	2,986,844	2,435,047	5,421,891
Profit for the year	–	–	–	–	–	256,490	256,490	182,606	439,096
Other comprehensive income/ (loss) for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	(18,630)	–	(18,630)	809	(17,821)
Total comprehensive income/ (loss) for the year	–	–	–	–	(18,630)	256,490	237,860	183,415	421,275
Contributions from non-controlling interests	–	–	–	–	–	–	–	108,722	108,722
Acquisition of non-controlling interests	–	–	395,747	–	87,917	–	483,664	(541,760)	(58,096)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	(26,541)	(26,541)
Transition to no-par value regime *(note 28)*	267,569	(267,569)	–	–	–	–	–	–	–
Final 2013 dividend declared	–	–	–	–	–	(27,568)	(27,568)	–	(27,568)
At 31 March 2014 and 1 April 2014	405,411	–	434,067*	5,489*	447,189*	2,388,644*#	3,680,800	2,158,883	5,839,683
Profit for the year	–	–	–	–	–	1,283,791	1,283,791	598,187	1,881,978
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	(8,648)	–	(8,648)	(3,983)	(12,631)
Total comprehensive income/ (loss) for the year	–	–	–	–	(8,648)	1,283,791	1,275,143	594,204	1,869,347
Acquisition of non-controlling interests	–	–	6,151	–	1,210	–	7,361	(10,885)	(3,524)
Dividends paid to non- controlling shareholders	–	–	–	–	–	–	–	(28,908)	(28,908)
Final 2014 dividend declared	–	–	–	–	–	(27,568)	(27,568)	–	(27,568)
At 31 March 2015	**405,411**	**–**	**440,218***	**5,489***	**439,751***	**3,644,867***	**4,935,736**	**2,713,294**	**7,649,030**

* These reserve accounts comprise the consolidated reserves of HK$4,530,325,000 (2014: HK$3,275,389,000) 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 presentation, which is described in note 2.4 to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**2,531,417**	626,998
Adjustments for:			
Share of profits and losses of a joint venture and associates		**(41,073)**	(30,395)
Interest income	5	**(5,041)**	(5,408)
Finance costs	6	**93,510**	83,155
Depreciation	7	**11,401**	12,240
Amortisation of prepaid land lease payments	7	**1,276**	1,294
Fair value gains on investment properties, net	7	**(2,528,809)**	(590,308)
Gain on disposal of items of property, plant and equipment	7	**(21)**	(141)
Fair value gains on equity investments at fair value through profit or loss, net	7	**(149)**	(47)
Gain on disposal of investment properties	7	**(443)**	(1,057)
Gain on disposal of equity investments at fair value through profit or loss	7	**–**	(7,944)
		62,068	88,387
Decrease/(increase) in inventories		**(1,368)**	2,989
Increase in properties held for sale under development and completed properties held for sale		**(425,860)**	(239,841)
Increase in loan receivables, trade and bills receivables, prepayments, deposits and other receivables		**(67,201)**	(29,436)
Decrease in an amount due from a related company		**–**	496
Decrease in trade payables and accrued liabilities		**(103,012)**	(40,816)
Increase in an amount due to an associate		**37,490**	–
Increase in customer deposits		**615,696**	132,957
Cash generated from/(used in) operations		**117,813**	(85,264)
Hong Kong profits tax refunded/(paid)		**478**	(348)
Overseas taxes paid		**(58,041)**	(11,019)
Net cash flows from/(used in) operating activities		**60,250**	(96,631)

	Notes	2015 HK$'000	2014 HK$'000
Net cash flows from/(used in) operating activities		**60,250**	(96,631)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	**(7,706)**	(3,588)
Acquisition of non-controlling interests		**(3,524)**	(58,096)
Additions to investment properties		**(1,061,219)**	(548,830)
Dividends received from an associate		**6,059**	5,192
Interest received		**5,041**	5,408
Proceeds from disposal of items of property, plant and equipment		**340**	173
Proceeds from disposal of investment properties		**2,552**	5,089
Purchase of equity investments at fair value through profit or loss		**(14)**	–
Proceeds from disposal of equity investments at fair value through profit or loss		**–**	72,070
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		**(1,163,215)**	(594,174)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(203,873)**	(165,320)
Contributions from non-controlling interests		**–**	108,722
Dividends paid to non-controlling shareholders		**(28,908)**	(26,541)
Dividend paid		**(27,568)**	(27,568)
New bank loans		**1,729,481**	1,516,177
Repayment of bank loans		**(471,454)**	(424,935)
Net cash flows from financing activities		**997,678**	980,535
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(105,287)**	289,730
Cash and cash equivalents at beginning of year		**680,044**	391,305
Effect of foreign exchange rate changes, net		**(1,263)**	(991)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**573,494**	680,044
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	**573,494**	569,045
Non-pledged time deposits	24	**5,599**	250,999
Cash and bank balances as stated in the consolidated statement of financial position		**579,093**	820,044
Non-pledged time deposits with original maturity of more than three months when acquired		**(5,599)**	(140,000)
Cash and cash equivalents at end of year		**573,494**	680,044

1. CORPORATE AND GROUP INFORMATION

Chinney Investments, 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 in the following principal activities:

– property development
– property investment for rental purposes
– manufacture and trading of garments

The immediate holding company of the Company is Chinney Holdings Limited, a company incorporated 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	
Allwin Group Holdings Limited	BVI	US$1	–	100.00	Sourcing agent for garment
Champion Fine International Investments Inc.#	Canada	Canadian dollar ("CAD") 1	–	68.09	Investment holding
Chinney Property Management Limited	Hong Kong	HK$100	–	68.09	Property management
CP Parking Limited	Hong Kong	HK$2,060,000	–	68.09	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	–	68.09	Nominee services
Dongguan Chinney Garments Limited#1	People's Republic of China ("PRC")/ Mainland China	HK$11,100,000	–	100.00	Garment manufacturing
Dongguan Marigold Industry City Developing Co., Ltd.#1	PRC/Mainland China	HK$50,000,000	–	100.00	Property holding and letting

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 Direct	Indirect	Principal activities
Full Yip Development Limited	BVI/Hong Kong	US$1	–	68.09	Property holding and letting
Foshan Nanhai XinDa Land Development Ltd.[#1]	PRC/Mainland China	HK$300,000,000	–	68.09	Property development
Gold Famous Development Limited	Hong Kong	HK$1	–	68.09	Property development
Guangzhou Honkwok Fuqiang Land Development Ltd.[#1]	PRC/Mainland China	RMB185,000,000	–	40.85[2]	Property development
Guangzhou Honkwok Hengsheng Land Development Ltd.[#1]	PRC/Mainland China	RMB220,000,000	–	51.07	Property development
Guangzhou Hua Yin Land Development Co., Ltd.[#1]	PRC/Mainland China	RMB80,000,000	–	68.09	Property development
Guangzhou Sheng Jin Real Estate Co., Ltd.[#1]	PRC/Mainland China	RMB52,114,000	–	68.09	Property development
Guangzhou Tungfu Property Management Co., Ltd.[#1]	PRC/Mainland China	RMB44,400,000	–	68.09	Property holding and letting
Guangzhou Zhong Lu Da Dao Real Estate Development Co., Ltd.[#1]	PRC/Mainland China	RMB90,000,000	–	68.09	Property development
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	–	68.09	Investment holding
Hon Kwok Land Investment Company, Limited	Hong Kong	HK$720,429,301	68.09	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.[#1]	PRC/Mainland China	HK$30,000,000	–	68.09	Property development

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 Direct	Indirect	Principal activities
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	68.09	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	68.09	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	68.09	Property holding and letting
Hotwin Investment (Chongqing) Co., Ltd.#1	PRC/Mainland China	US$14,300,000	–	68.09	Property holding and letting
Island Parking Limited	BVI/Hong Kong	US$10	–	68.09	Property holding and letting
J.L. Chinney (Holdings) Company Limited	BVI	US$1,250,000	100.00	–	Investment holding
J.L. Group Company Limited	Hong Kong	HK$8,000,000	–	100.00	Garment trading
J.L. Investment Company Limited	Hong Kong	HK$10,000	–	100.00	Property holding and letting
King Capital Development Limited	Hong Kong	HK$2	–	68.09	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	68.09	Property holding and letting
Lido Parking Limited	BVI/Hong Kong	US$1	–	68.09	Property holding and letting
Multi-Investment Group Limited	BVI	US$1	–	100.00	Investment holding

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 Direct	Indirect	Principal activities
Prime Best Development Limited	Hong Kong	HK$2	–	68.09	Investment holding
Shenzhen Guanghai Investment Co., Ltd.[#1]	PRC/Mainland China	RMB600,000,000	–	68.09	Property development
Shenzhen Honkwok Huaye Development Co., Ltd.[#1]	PRC/Mainland China	RMB50,000,000	–	68.09	Property holding and letting
The Bauhinia Hotel Management Limited	Hong Kong	HK$2	–	68.09	Property letting
The Bauhinia Hotel (TST) Management Limited	Hong Kong	HK$2	–	68.09	Property letting
Vast Champ Investment (Chongqing) Co., Ltd.[#1]	PRC/Mainland China	US$30,000,000	–	68.09	Property development
Wide Fame Investment Limited	Hong Kong	HK$2	–	68.09	Financing
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	68.09	Money lending

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

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

2 *Guangzhou Honkwok Fuqiang Land Development Limited is a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.*

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 and equity investments 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.

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following 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)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

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

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.

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

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.

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.

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of 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 and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

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

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Leasehold land and buildings	2% to 5% or over the unexpired terms of the leases, whichever is shorter
Leasehold improvements	20% or over the unexpired terms of the leases, whichever is shorter
Plant and machinery	10% to 30%
Motor vehicles	20% to 30%
Furniture, fixtures and equipment	20% to $33\frac{1}{3}$%

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.

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 marketplace.

Subsequent measurement

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the 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.

Impairment of financial assets

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

Financial assets carried at amortised cost

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost (Continued)

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Loans and borrowings

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

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

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

(a) from the sale of goods and 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 goods and 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;

(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;

(e) dividend income, when the shareholders' right to receive payment has been established; and

(f) management fee income, on an accrual basis, in the period in which services are rendered.

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.

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 Group also operates a defined contribution retirement benefit scheme for those employees who are eligible and have elected to participate in the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the scheme. When an employee leaves the scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

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.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 4.28% (2014: 4.19%) has been applied to the expenditure on the individual assets.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

The functional currencies of certain overseas subsidiaries, a joint venture and associates 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:

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

Judgements *(Continued)*

Operating lease commitments – Group as lessor

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

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.

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.

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

Judgements *(Continued)*

Investment properties under development

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

Deferred taxation on investment properties

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

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

Estimation uncertainty

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

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

Estimation uncertainty *(Continued)*

Estimation of net realisable 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 20 to the financial statements.

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

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

Estimation of fair value of investment properties

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

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

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

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

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

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

Estimation uncertainty *(Continued)*

Current income taxes and deferred income taxes

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 27 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 four reportable operating segments as follows:

(a) the garment segment manufactures and trades garments;

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

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

(d) 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, dividend income, finance costs, share of profits and losses of a joint venture and associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in a joint venture, investments in associates, and other unallocated head office and corporate assets, including tax recoverable, pledged deposits, cash and bank balances, and equity investments at fair value through profit or loss, as these assets are managed on a group basis.

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

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2015	Garment *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	102,207	148,421	175,064	37,213	462,905
Segment results	(11,340)	29,084	2,583,397	(3,193)	2,597,948
Reconciliation:					
Interest income					5,041
Dividend income and unallocated gains					185
Corporate and other unallocated expenses					(19,320)
Finance costs					(93,510)
Share of profits and losses of a joint venture and associates					41,073
Profit before tax					2,531,417
Segment assets	81,989	3,250,650	11,597,834	1,950,591	16,881,064
Reconciliation:					
Elimination of intersegment receivables					(2,512,790)
Investments in associates					554,319
Investment in a joint venture					199
Corporate and other unallocated assets					968,193
Total assets					15,890,985
Segment liabilities	15,180	1,984,856	892,124	650,951	3,543,111
Reconciliation:					
Elimination of intersegment payables					(2,512,790)
Corporate and other unallocated liabilities					7,211,634
Total liabilities					8,241,955
Other segment information:					
Fair value gains on investment properties, net	2,140	–	2,526,669	–	2,528,809
Depreciation and amortisation	1,447	997	2,210	8,023	12,677
Capital expenditure*	127	879	1,151,351	1,638	1,153,995

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2014	Garment HK$'000	Property development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	114,086	177,009	168,474	36,754	496,323
Segment results	(20,260)	56,907	643,400	3,219	683,266
Reconciliation:					
Interest income					5,408
Dividend income and unallocated gains					9,035
Corporate and other unallocated expenses					(17,951)
Finance costs					(83,155)
Share of profits and losses of a joint venture and associates					30,395
Profit before tax					626,998
Segment assets	77,198	2,671,435	7,855,590	1,585,691	12,189,914
Reconciliation:					
Elimination of intersegment receivables					(2,088,165)
Investments in associates					519,423
Investment in a joint venture					199
Corporate and other unallocated assets					939,884
Total assets					11,561,255
Segment liabilities	15,084	1,394,805	537,653	542,176	2,489,718
Reconciliation:					
Elimination of intersegment payables					(2,088,165)
Corporate and other unallocated liabilities					5,320,019
Total liabilities					5,721,572
Other segment information:					
Fair value gains on investment properties, net	2,100	–	588,208	–	590,308
Depreciation and amortisation	1,643	1,157	1,938	8,796	13,534
Capital expenditure*	180	177	638,607	864	639,828

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**104,713**	104,327
Mainland China	**262,388**	293,761
Europe	**94,635**	96,200
North America	**1,169**	1,046
Other countries	**–**	989
	462,905	496,323

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

(b) Non-current assets

	31 March 2015	31 March 2014
	HK$'000	*HK$'000*
Hong Kong	**3,356,198**	2,601,441
Mainland China	**7,757,508**	4,844,536
	11,113,706	7,445,977

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

5. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; 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	2014
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**102,207**	114,086
Sale of properties	**148,421**	177,009
Gross rental income	**210,432**	202,963
Property management income	**1,845**	2,265
	462,905	496,323
Other income		
Bank interest income	**5,041**	5,378
Other interest income	**–**	30
Dividend income from listed investments at fair value through profit or loss	**36**	1,044
Management fee income received from an associate	**–**	1,500
Others	**8,637**	4,689
	13,714	12,641

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans	**203,873**	165,320
Less: Interest capitalised under property development projects	**(110,363)**	(82,165)
	93,510	83,155

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
Cost of inventories sold	**84,026**	95,620
Depreciation *(note 13)*	**11,401**	12,240
Amortisation of prepaid land lease payments *(note 14)*	**1,276**	1,294
Minimum lease payments under operating leases on land and buildings*	**21,791**	20,435
Auditors' remuneration	**3,176**	3,018
Employee benefit expense (including directors' remuneration *(note 8))*:		
Wages, salaries, allowances and benefits in kind	**89,516**	93,139
Pension scheme contributions	**2,648**	2,590
	92,164	95,729
Less: Amount capitalised under property development projects	**(12,400)**	(11,300)
	79,764	84,429

7. PROFIT BEFORE TAX *(Continued)*

	2015	2014
	HK$'000	*HK$'000*
Gross rental income included in the following categories:		
Rental income	**(210,432)**	(202,963)
Other income	**(862)**	(762)
	(211,294)	(203,725)
Less: Outgoing expenses**	**80,324**	74,052
	(130,970)	(129,673)
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	**312**	946
Fair value gains on investment properties, net *(note 15)*	**(2,528,809)**	(590,308)
Fair value gains on equity investments at fair value through profit or loss, net	**(149)**	(47)
Interest income	**(5,041)**	(5,408)
Impairment of trade receivables *(note 21)*	**–**	11
Gain on disposal of investment properties, net	**(443)**	(1,057)
Gain on disposal of equity investments at fair value through profit or loss	**–**	(7,944)
Gain on disposal of items of property, plant and equipment	**(21)**	(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.*

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	2014
	HK$'000	*HK$'000*
Fees	**300**	275
Other emoluments:		
Salaries, allowances and benefits in kind	**10,880**	9,958
Discretionary performance-related bonuses*	**3,400**	3,000
	14,280	12,958
	14,580	13,233

* *The performance-related bonuses are determined with reference to the operating results, individual performance and comparable market statistics during both years.*

(a) Independent non-executive directors

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

	2015	2014
	HK$'000	*HK$'000*
Clement Kwok-Hung Young	**50**	50
Peter Man-Kong Wong	**50**	50
James C. Chen	**50**	50
	150	150

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

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance-related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2015					
Executive directors:					
James Sai-Wing Wong	–	5,500	1,700	–	7,200
Herman Man-Hei Fung	–	5,380	1,700	–	7,080
	–	10,880	3,400	–	14,280
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
William Chung-Yue Fan	50	–	–	–	50
Paul Hon-To Tong	50	–	–	–	50
James Wong-Sing Wai	50	–	–	–	50
	150	–	–	–	150
	150	10,880	3,400	–	14,430

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance-related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014					
Executive directors:					
James Sai-Wing Wong	–	5,000	1,500	–	6,500
Herman Man-Hei Fung	–	4,958	1,500	–	6,458
	–	9,958	3,000	–	12,958
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
William Chung-Yue Fan	50	–	–	–	50
Paul Hon-To Tong	50	–	–	–	50
James Wong-Sing Wai	25	–	–	–	25
	125	–	–	–	125
	125	9,958	3,000	–	13,083

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

9. FIVE HIGHEST PAID EMPLOYEES

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

	2015	2014
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**10,729**	7,316
Discretionary performance-related bonuses	**3,100**	4,742
Pension scheme contributions	**188**	164
	14,017	12,222

The number of non-director, 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	**–**	1
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**1**	–
HK$5,000,001 to HK$5,500,000	**–**	–
HK$5,500,001 to HK$6,000,000	**–**	1
HK$6,000,001 to HK$6,500,000	**1**	–
	3	3

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

	2015	2014
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**25**	40
Overprovision in prior years	**–**	(20)
Current – Elsewhere		
Charge for the year	**14,446**	16,953
Overprovision in prior years	**–**	(4,211)
LAT in Mainland China	**13,753**	10,425
Deferred *(note 27)*	**621,215**	164,715
Total tax charge for the year	**649,439**	187,902

10. INCOME TAX *(Continued)*

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
	HK$'000	*HK$'000*
Profit before tax	**2,531,417**	626,998
Tax at the statutory tax rate	**634,523**	165,758
Adjustments in respect of current tax of previous periods	**–**	(4,231)
Income not subject to tax	**(12,373)**	(1,894)
Expenses not deductible for tax	**15,863**	19,997
Tax losses utilised from previous periods	**(1,534)**	(2,564)
Tax losses not recognised	**19,203**	12,180
Profits and losses attributable to associates	**(6,749)**	(5,015)
LAT	**13,753**	10,425
Others	**(13,247)**	(6,754)
Tax charge at the Group's effective rate of 26% (2014: 30%)	**649,439**	187,902

The share of net tax charge attributable to associates amounting to HK$6,818,000 (2014: HK$3,159,000) is included in "Share of profits and losses of a joint venture and associates" in the consolidated statement of profit or loss. There was no share of tax attributable to a joint venture during the year ended 31 March 2015 (2014: Nil).

11. DIVIDEND

	2015	2014
	HK$'000	*HK$'000*
Proposed final – 5 HK cents (2014: 5 HK cents) per ordinary share	**27,568**	27,568

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$1,283,791,000 (2014: HK$256,490,000), and the number of ordinary shares in issue during the year of 551,368,153 (2014: 551,368,153).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2015 and 2014.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings Hong Kong HK$'000	Mainland China HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
31 March 2015							
At 31 March 2014 and at 1 April 2014:							
Cost	51,800	66,607	41,987	11,723	10,358	25,984	208,459
Accumulated depreciation	(20,247)	(29,877)	(25,960)	(11,586)	(6,334)	(20,117)	(114,121)
Net carrying amount	31,553	36,730	16,027	137	4,024	5,867	94,338
At 1 April 2014, net of accumulated depreciation	31,553	36,730	16,027	137	4,024	5,867	94,338
Additions	–	3,972	188	75	628	2,843	7,706
Disposals	–	–	–	–	(227)	(92)	(319)
Depreciation provided during the year	(1,043)	(3,397)	(3,425)	(76)	(1,394)	(2,066)	(11,401)
Exchange realignment	–	7	–	–	–	1	8
At 31 March 2015, net of accumulated depreciation	**30,510**	**37,312**	**12,790**	**136**	**3,031**	**6,553**	**90,332**
At 31 March 2015:							
Cost	51,800	70,629	42,185	11,721	10,225	28,313	214,873
Accumulated depreciation	(21,290)	(33,317)	(29,395)	(11,585)	(7,194)	(21,760)	(124,541)
Net carrying amount	**30,510**	**37,312**	**12,790**	**136**	**3,031**	**6,553**	**90,332**

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

	Leasehold land and buildings Hong Kong HK$'000	Mainland China HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
31 March 2014							
At 1 April 2013:							
Cost	51,800	66,342	42,172	11,513	9,163	25,015	206,005
Accumulated depreciation	(19,205)	(26,470)	(22,722)	(11,258)	(5,344)	(18,244)	(103,243)
Net carrying amount	32,595	39,872	19,450	255	3,819	6,771	102,762
At 1 April 2013, net of accumulated depreciation	32,595	39,872	19,450	255	3,819	6,771	102,762
Additions	–	–	–	136	1,787	1,665	3,588
Disposals	–	–	–	–	(27)	(5)	(32)
Depreciation provided during the year	(1,042)	(3,321)	(3,466)	(256)	(1,566)	(2,589)	(12,240)
Exchange realignment	–	179	43	2	11	25	260
At 31 March 2014, net of accumulated depreciation	31,553	36,730	16,027	137	4,024	5,867	94,338
At 31 March 2014:							
Cost	51,800	66,607	41,987	11,723	10,358	25,984	208,459
Accumulated depreciation	(20,247)	(29,877)	(25,960)	(11,586)	(6,334)	(20,117)	(114,121)
Net carrying amount	31,553	36,730	16,027	137	4,024	5,867	94,338

At 31 March 2015, certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK$30,510,000 (2014: HK$31,553,000) were pledged to secure general banking facilities granted to the Group as detailed in note 26(a)(vi).

14. PREPAID LAND LEASE PAYMENTS

	2015	2014
	HK$'000	*HK$'000*
At beginning of year	**12,861**	14,053
Recognised during the year	**(1,276)**	(1,294)
Exchange realignment	**4**	102
At end of year	**11,589**	12,861
Current portion	**(1,276)**	(1,294)
Non-current portion	**10,313**	11,567

15. INVESTMENT PROPERTIES

	2015			
	Completed investment properties at fair value	**Investment properties under construction at fair value**	**Investment properties under construction at cost**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1 April 2014	**4,631,250**	**1,276,250**	**1,432,572**	**7,340,072**
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	**87,016**	**2,441,793**	**–**	**2,528,809**
At 31 March 2015	**4,733,340**	**5,590,000**	**689,721**	**11,013,061**

15. INVESTMENT PROPERTIES *(Continued)*

	2014			
	Completed investment properties at fair value	Investment properties under construction at fair value	Investment properties under construction at cost	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2013	4,588,300	–	1,537,739	6,126,039
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	(14,860)	605,168	–	590,308
Exchange realignment	(332)	(8,151)	–	(8,483)
At 31 March 2014	4,631,250	1,276,250	1,432,572	7,340,072

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 and Memfus Wong Surveyors Limited, independent professionally qualified valuers, at an aggregate value of HK$10,323,340,000. Each year, the Group's management decides to appoint which external valuers 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.

15. INVESTMENT PROPERTIES *(Continued)*

Certain completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 34(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$10,987,361,000 (2014: HK$7,321,972,000) were pledged to secure the banking facilities granted to the Group as detailed in note 26(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 26(a)(iv).

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 135 to 138.

15. INVESTMENT PROPERTIES *(Continued)*

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			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**10,323,340**	**10,323,340**

	Fair value measurement as at 31 March 2014 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Commercial properties	–	–	5,907,500	5,907,500

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

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

	HK$'000
Carrying amount at 1 April 2013	4,588,300
Additions	155,829
Disposals	(4,032)
Transfer in	585,578
Net gains from fair value adjustments	590,308
Exchange realignment	(8,483)
Carrying amount at 31 March 2014 and 1 April 2014	**5,907,500**
Additions	**172,537**
Disposals	**(2,109)**
Transfer in	**1,716,603**
Net gains from fair value adjustments	**2,528,809**
Carrying amount at 31 March 2015	**10,323,340**

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

	Valuation techniques	**Significant unobservable inputs**	**Range**	
Commercial properties			**2015**	2014
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%

15. 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 characteristics of the investment properties, which included the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price per unit.

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

Discounted cash flow approach

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

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Discounted cash flow approach (Continued)

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

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

16. GOODWILL

	HK$'000
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015:	
Cost	**2,463**
Accumulated impairment	**(2,463)**
Net carrying amount	**–**

17. INVESTMENT IN A JOINT VENTURE

	2015	2014
	HK$'000	*HK$'000*
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 Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
Two City Hall Place Limited#	Common share capital of CAD100	Canada	34.00	34.00	34.00	Dormant

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

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

	2015	2014
	HK$'000	*HK$'000*
Share of the joint venture's profit for the year	**–**	–
Share of the joint venture's other comprehensive income	**–**	–
Share of the joint venture's total comprehensive income	**–**	–
Aggregate carrying amount of the Group's investment in the joint venture	**199**	199

18. INVESTMENTS IN ASSOCIATES/DUE TO AN ASSOCIATE

	2015	2014
	HK$'000	*HK$'000*
Goodwill on acquisition	**18,374**	18,374
Share of net assets	**535,945**	501,049
	554,319	519,423
Due to an associate	**37,490**	–

Particulars of the associates are as follows:

Name	**Particulars of issued share capital**	**Place of incorporation and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
Chinney Alliance Group Limited ("Chinney Alliance")#	HK$59,490,000	Bermuda/ Hong Kong	29.10	Investment holding
Chinney Trading Company Limited ("Chinney Trading")	HK$615,425,000	Hong Kong	13.62	Property development

\# *Chinney Alliance is an investment holding company with its subsidiaries engaged in the manufacture and sale of industrial products and building related contracting business, and superstructure and substructure foundation piling work.*

The financial statements of Chinney Alliance have a financial year end date of 31 December. The consolidated financial statements are adjusted for the material transactions between Chinney Alliance and the group companies between 1 January and 31 March.

The Group's shareholdings in Chinney Alliance are held through a wholly-owned subsidiary of the Company.

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

18. INVESTMENTS IN ASSOCIATES/DUE TO AN ASSOCIATE *(Continued)*

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2015	2014
	HK$'000	*HK$'000*
Share of the associates' profit for the year	**41,073**	30,395
Share of the associates' other comprehensive income	**(118)**	928
Share of the associates' total comprehensive income	**40,955**	31,233
Aggregate carrying amount of the Group's investments in the associates	**554,319**	519,423

19. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Raw materials	**998**	747
Work in progress	**3,441**	2,282
Finished goods	**–**	42
	4,439	3,071

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

	2015	2014
	HK$'000	*HK$'000*
Completed properties held for sale	**882,630**	261,058
Properties held for sale under development	**2,182,979**	2,274,306
	3,065,609	2,535,364

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

	2015	2014
	HK$'000	*HK$'000*
Properties held for sale under development		
– expected to be recovered:		
Within one year	**770,889**	527,693
After one year	**554,873**	899,669
– pending for construction expected to be recovered after one year	**857,217**	846,944
	2,182,979	2,274,306

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 26(a)(ii) to the financial statements.

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.

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

The land use right of a portion of an unencumbranced development site with an area of 24,067 square metres located in the PRC was subject to a freeze order by a court in the PRC for a value equivalent to approximately HK$69 million (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 135 to 138.

21. TRADE AND BILLS RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills receivables	**27,939**	20,876
Impairment	**(723)**	(1,090)
	27,216	19,786

The Group's trading terms with its customers in the garment segment are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to four months for major customers. Each customer has a maximum credit limit. 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 the sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills 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 and bills receivable balances. Trade and bills receivables are non-interest-bearing.

21. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**4,230**	5,066
31 to 60 days	**6,011**	4,064
61 to 90 days	**3,339**	7,715
Over 90 days	**13,636**	2,941
	27,216	19,786

The movements in provision for impairment of trade receivables are as follows:

	2015	2014
	HK$'000	*HK$'000*
At beginning of year	**1,090**	1,091
Impairment losses recognised *(note 7)*	**–**	11
Amount written off as uncollectible	**(367)**	(12)
At end of year	**723**	1,090

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$723,000 (2014: HK$1,090,000) with a carrying amount before provision of HK$723,000 (2014: HK$1,090,000). The individually impaired trade receivables relate to customers that were in financial difficulties and the receivables are not expected to be recovered.

21. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**5,587**	10,767
Less than 30 days past due	**10,862**	3,106
30 to 90 days past due	**2,530**	3,373
Over 90 days past due	**8,237**	2,540
	27,216	19,786

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.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Prepayments	**81,145**	25,128
Deposits	**13,605**	12,656
Other receivables	**71,857**	69,052
Impairment	**(10,579)**	(10,579)
	156,028	96,257

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 impaired other receivables of HK$10,579,000 (2014: HK$10,579,000) with a carrying amount before provision of HK$10,579,000 (2014: HK$10,579,000). The Group does not hold any collateral or other credit enhancements over these balances.

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

23. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	*HK$'000*
Listed equity investments at market value	**820**	657

The above equity investments at 31 March 2015 and 2014 were classified as held for trading.

The fair values for the above listed equity investments are determined based on the quoted bid prices on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

24. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	2015	2014
	HK$'000	*HK$'000*
Cash and bank balances	**573,494**	569,045
Time deposits	**349,647**	367,369
	923,141	936,414
Less: Pledged time deposits pledged for short term bank loans *(note 26(a)(v))*	**(344,048)**	(116,370)
	579,093	820,044

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$332,089,000 (2014: HK$361,149,000). 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.

25. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$62,870,000 (2014: HK$75,373,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 *HK$'000*	2014 *HK$'000*
Within 30 days	59,393	73,884
31 to 60 days	3,122	1,446
61 to 90 days	311	36
Over 90 days	44	7
	62,870	75,373

The trade payables are non-interest-bearing and are normally settled on 30-day to 60-day terms.

26. INTEREST-BEARING BANK BORROWINGS

	31 March 2015			31 March 2014		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – unsecured	2.8 – 5.0	2015 – 2016 or on demand	87,149	4.2 – 4.3	2014 – 2015	350,000
Bank loans – secured	1.5 – 7.3	2015 – 2016 or on demand	2,982,579	1.5 – 7.7	2014 – 2015 or on demand	1,674,588
			3,069,728			2,024,588
Non-current						
Bank loans – unsecured	4.0 – 5.0	2016 – 2019	1,270,000	4.2 – 5.0	2015 – 2017	582,000
Bank loans – secured	2.0 – 7.3	2016 – 2024	1,676,190	2.0 – 7.7	2015 – 2024	2,151,303
			2,946,190			2,733,303
			6,015,918			4,757,891

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

	2015	2014
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**3,069,728**	2,024,588
In the second year	**720,799**	1,666,398
In the third to fifth years, inclusive	**2,198,984**	1,036,706
Beyond five years	**26,407**	30,199
	6,015,918	4,757,891

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$10,987,361,000 (2014: HK$7,321,972,000);

(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) charges over shares of certain subsidiaries of the Group;

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

(v) the pledge of certain of the Group's time deposits amounting to HK$344,048,000 (2014: HK$116,370,000); and

(vi) the pledge of certain of the Group's leasehold land and buildings, which had an aggregate carrying value at the end of the reporting period of approximately HK$30,510,000 (2014: HK$31,553,000).

(b) 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 39 to the financial statements, the Group's interest-bearing bank borrowings in the amount of HK$181,500,000 (2014: HK$198,505,000) 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.

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

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are: HK$2,888,228,000 (2014: HK$1,826,083,000) within one year or on demand; HK$744,299,000 (2014: HK$1,713,403,000) in the second year; HK$2,232,984,000 (2014: HK$1,082,206,000) 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.

27. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the year are as follows:

	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of investment properties *HK$'000*	Tax losses *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1 April 2013	(1,605)	(305,800)	577	(3,289)	(310,117)
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	(7,595)	(157,120)	–	–	(164,715)
Exchange realignment	–	1,964	–	–	1,964
Net deferred tax liabilities at 31 March 2014	(9,200)	(460,956)	577	(3,289)	(472,868)
At 1 April 2014	(9,200)	(460,956)	577	(3,289)	(472,868)
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	(1,552)	(619,663)	–	–	(621,215)
Net deferred tax liabilities at 31 March 2015	**(10,752)**	**(1,080,619)**	**577**	**(3,289)**	**(1,094,083)**

27. 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 arising in Hong Kong of HK$1,271,061,000 (2014: HK$1,253,218,000) and in Mainland China of HK$91,843,000 (2014: HK$41,739,000). Tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose and tax losses arising in Mainland China will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these deductible temporary differences and losses as they have arisen in the companies that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the deductible temporary differences and tax losses can be utilised.

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 in Canada for which deferred tax liabilities have not been recognised totalled HK$412,443,000 at 31 March 2014 (2014: HK$397,748,000).

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

28. SHARE CAPITAL

	2015 ***HK$'000***	2014 *HK$'000*
Issued and fully paid:		
551,368,153 (2014: 551,368,153) ordinary shares	**405,411**	405,411

28. SHARE CAPITAL *(Continued)*

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital	Share premium account	Total
		HK$'000	*HK$'000*	*HK$'000*
At 1 April 2013	551,368,153	137,842	267,569	405,411
Transition to no-par value regime on 3 March 2014 *(note)*	–	267,569	(267,569)	–
At 31 March 2014, 1 April 2014 and 31 March 2015	**551,368,153**	**405,411**	**–**	**405,411**

Note: 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.

29. RESERVES

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

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

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

	2015	2014
Percentage of equity interest held by non-controlling interests:		
Hon Kwok	**31.91%**	32.10%

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

	2015	2014
	HK$'000	*HK$'000*
Profit for the year allocated to non-controlling interests:		
Hon Kwok	**598,187**	182,606
Dividends paid to non-controlling interests of Hon Kwok	**28,908**	26,541
Accumulated balances of non-controlling interests at the reporting dates:		
Hon Kwok	**2,713,294**	2,158,883

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

	2015	2014
	HK$'000	*HK$'000*
Revenue	**360,698**	382,237
Total expenses	**(1,009,241)**	(542,467)
Other income and gains	**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
Profit for the year	**1,890,570**	437,533
Total comprehensive income for the year	**1,878,089**	418,671
Current assets	**4,139,676**	3,420,052
Non-current assets	**11,391,585**	7,721,707
Current liabilities	**(3,803,629)**	(2,066,312)
Non-current liabilities	**(3,762,997)**	(2,898,847)
Net cash flows from/(used in) operating activities	**51,527**	(75,354)
Net cash flows used in investing activities	**(1,131,523)**	(613,616)
Net cash flows from financing activities	**1,069,272**	894,900
Net increase/(decrease) in cash and cash equivalents	**(10,724)**	205,930

31. 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.

32. CONTINGENT LIABILITIES

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

	2015	2014
	HK$'000	*HK$'000*
Guarantee given to a bank in connection with the facility granted to an associate	**40,000**	–

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.

33. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 26 to the financial statements.

34. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15 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	2014
	HK$'000	*HK$'000*
Within one year	**128,182**	117,895
In the second to fifth years, inclusive	**213,919**	251,259
After five years	**346,925**	366,025
	689,026	735,179

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 26(a)(iv).

(b) As lessee

The Group leases certain of its properties and office equipment under operating lease arrangements. Leases for properties and office equipment 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	2014
	HK$'000	*HK$'000*
Within one year	**20,481**	22,519
In the second to fifth years, inclusive	**15,018**	19,813
	35,499	42,332

35. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 34(b) above, the Group had the following capital commitments at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property development expenditure	**401,949**	624,874

36. RELATED PARTY TRANSACTIONS

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

		2015	2014
	Notes	***HK$'000***	*HK$'000*
Management fee income received from an associate	*(i)*	**–**	1,500
Purchase of a property from an associate	*(ii)*	**8,063**	–

Notes:

(i) The management fees were charged to Chinney Alliance based on the time involvement of the personnel providing the services. James Sai-Wing Wong, a director of the Company, is also a director of and has beneficial interest in Chinney Alliance. Herman Man-Hei Fung is a director of the Company and Chinney Alliance.

(ii) During the year, an indirectly wholly-owned subsidiary of Hon Kwok acquired a property from 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 a chairman of and has control in Chinney Alliance, therefore the transaction constituted a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

36. RELATED PARTY TRANSACTIONS *(Continued)*

(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 18 to the financial statements.

(c) Compensation of key management personnel of the Group

	2015	2014
	HK$'000	*HK$'000*
Short term employee benefits	**28,409**	25,291
Post-employment benefits	**188**	164
	28,597	25,455

Further details of directors' emoluments and key management personnel of the Group are included in notes 8 and 9 to the financial statements, respectively.

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

2015

Financial assets

	Financial assets at fair value through profit or loss	Loans and receivables	Total
	HK$'000	*HK$'000*	*HK$'000*
Equity investments at fair value through profit or loss	820	–	820
Trade and bills receivables	–	27,216	27,216
Financial assets included in prepayments, deposits and other receivables	–	74,883	74,883
Pledged deposits	–	344,048	344,048
Cash and bank balances	–	579,093	579,093
	820	1,025,240	1,026,060

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in trade payables and accrued liabilities	144,670
Financial liabilities included in customer deposits	23,592
Due to an associate	37,490
Interest-bearing bank borrowings	6,015,918
	6,221,670

37. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2014

Financial assets

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Equity investments at fair value through profit or loss	657	–	657
Trade and bills receivables	–	19,786	19,786
Financial assets included in prepayments, deposits and other receivables	–	71,129	71,129
Pledged deposits	–	116,370	116,370
Cash and bank balances	–	820,044	820,044
	657	1,027,329	1,027,986

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in trade payables and accrued liabilities	172,490
Financial liabilities included in customer deposits	23,714
Interest-bearing bank borrowings	4,757,891
	4,954,095

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amount that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Equity investments at fair value through profit or loss	**820**	657	**820**	657
Financial liabilities				
Interest-bearing bank borrowings	**6,015,918**	4,757,891	**6,015,918**	4,757,891

Management has assessed that the fair values of cash and bank balances, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in customer deposits, trade payables and accrued liabilities, the current portion of interest-bearing bank borrowings and balances 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.

The fair values of listed equity investments are based on quoted market prices.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 March 2015	**Fair value measurement using**			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Equity investments at fair value through profit or loss	**820**	**–**	**–**	**820**

As at 31 March 2014	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity investments at fair value through profit or loss	657	–	–	657

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 of HK$2,946,190,000 (2014: HK$2,733,303,000). 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).

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include equity investments at fair value through profit or loss, other receivables, pledged deposits, cash and bank balances, other payables, customer deposits and interest-bearing bank borrowings. 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 and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, equity price 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$. The Group is exposed to foreign exchange risk arising from changes in the exchange rate of HK$ 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 rate 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).

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

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

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 23) as at 31 March 2015. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 10% change in the fair value of the equity investments, with all other variables held constant, and based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments *HK$'000*	Increase in profit after tax *HK$'000*	Increase in equity* *HK$'000*
2015			
Investments listed in:			
Hong Kong – held-for-trading	**820**	**82**	**–**
2014			
Investments listed in:			
Hong Kong – held-for-trading	657	66	–

* *Excluding retained profits*

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 26 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.

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

Interest rate risk *(Continued)*

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).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity *HK$'000*
2015		
Hong Kong dollar	**100**	**(23,966)**
RMB	**50**	**(932)**
Hong Kong dollar	**(100)**	**23,966**
RMB	**(50)**	**932**
2014		
Hong Kong dollar	100	(19,666)
RMB	50	(483)
Hong Kong dollar	(100)	19,666
RMB	(50)	483

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

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 equity investments at fair value through profit or loss, cash and bank balances and deposits and other receivables, 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 and bills receivables are disclosed in note 21 to the financial statements.

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 and bills 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. 51% (2014: 43%) of the Group's debts, which comprise interest-bearing borrowings, would mature in less than one year as at 31 March 2015 based on the carrying values of the borrowings reflected in the financial statements. If based on the maturity dates as set out in the loan agreements, 48% (2014: 38%) of the Group's debts would mature in less than one year.

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

Liquidity risk *(Continued)*

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:

			2015		
	On demand	**Less than 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Financial liabilities included in trade payables and accrued liabilities	**4,919**	**139,751**	**–**	**–**	**144,670**
Financial liabilities included in customer deposits	**23,592**	**–**	**–**	**–**	**23,592**
Due to an associate	**37,490**	**–**	**–**	**–**	**37,490**
Interest-bearing bank borrowings	**699,998**	**2,536,196**	**820,818**	**2,314,770**	**6,371,782**
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**
	996,999	**2,675,947**	**820,818**	**2,314,770**	**6,808,534**

			2014		
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	4,772	167,718	–	–	172,490
Financial liabilities included in customer deposits	23,714	–	–	–	23,714
Interest-bearing bank borrowings	412,500	1,771,443	1,761,537	1,120,315	5,065,795
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	9,518	–	–	–	9,518
	450,504	1,939,161	1,761,537	1,120,315	5,271,517

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

Liquidity risk *(Continued)*

In respect of interest-bearing bank borrowings of HK$699,998,000 (2014: HK$412,500,000), 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$3,066,375,000 (2014: HK$1,985,882,000) within one year, HK$847,313,000 (2014: HK$1,811,601,000) in the second year and HK$2,488,810,000 (2014: HK$1,282,623,000) beyond two years.

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.

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

Capital management *(Continued)*

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	2014
	HK$'000	*HK$'000*
Interest-bearing bank borrowings	**6,015,918**	4,757,891
Less: Cash and bank balances and pledged deposits	**(923,141)**	(936,414)
Net interest-bearing debt	**5,092,777**	3,821,477
Equity attributable to owners of the Company	**4,935,736**	3,680,800
Non-controlling interests	**2,713,294**	2,158,883
Equity attributable to owners of the Company and non-controlling interests	**7,649,030**	5,839,683
Gearing ratio	**67%**	65%

40. EVENT AFTER THE REPORTING PERIOD

In April 2015, a direct wholly-owned subsidiary of Hon Kwok, 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.

41. 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.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	**8**	11
Investments in subsidiaries	**1,522,819**	1,519,296
Total non-current assets	**1,522,827**	1,519,307
CURRENT ASSETS		
Prepayments, deposits and other receivables	**107**	516
Amounts due from subsidiaries	**78,452**	117,704
Cash and bank balances	**31,630**	122,670
Total current assets	**110,189**	240,890
CURRENT LIABILITIES		
Trade payables and accrued liabilities	**5,439**	4,711
Amount due to a subsidiary	**30,000**	200,000
Interest-bearing bank borrowings	**235,000**	216,000
Total current liabilities	**270,439**	420,711
NET CURRENT LIABILITIES	**(160,250)**	(179,821)
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,362,577**	1,339,486
NON-CURRENT LIABILITIES		
Amount due to a subsidiary	**301,718**	286,148
Net assets	**1,060,859**	1,053,338

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
EQUITY		
Share capital	**405,411**	405,411
Other reserves *(note)*	**655,448**	647,927
Total equity	**1,060,859**	1,053,338

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

Note:

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

	Share premium account	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Balance at 1 April 2013	267,569	580,735	848,304
Total comprehensive income for the year	–	67,192	67,192
Transition to no-par value regime	(267,569)	–	(267,569)
At 31 March 2014 and 1 April 2014	–	647,927	647,927
Total comprehensive income for the year	–	35,089	35,089
Final 2014 dividend declared	–	(27,568)	(27,568)
At 31 March 2015	**–**	**655,448**	**655,448**

43. 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	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
REVENUE	**462,905**	496,323	363,330	1,059,030	354,859
Profit before tax	**2,531,417**	626,998	443,322	381,075	604,659
Tax charge	**(649,439)**	(187,902)	(25,078)	(93,838)	(64,379)
PROFIT FOR THE YEAR	**1,881,978**	439,096	418,244	287,237	540,280
Attributable to:					
Owners of the Company	**1,283,791**	256,490	242,540	127,899	299,373
Non-controlling interests	**598,187**	182,606	175,704	159,338	240,907
	1,881,978	439,096	418,244	287,237	540,280

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**15,890,985**	11,561,255	9,683,019	8,506,236	8,176,436
TOTAL LIABILITIES	**(8,241,955)**	(5,721,572)	(4,261,128)	(3,559,457)	(3,579,960)
NET ASSETS	**7,649,030**	5,839,683	5,421,891	4,946,779	4,596,476
NON-CONTROLLING INTERESTS	**(2,713,294)**	(2,158,883)	(2,435,047)	(2,243,203)	(2,091,796)
SHAREHOLDERS' FUNDS	**4,935,736**	3,680,800	2,986,844	2,703,576	2,504,680

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	68.09
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	–	51.07
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	40.85
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	–	68.09
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	–	68.09
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	68.09

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

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

Location	Use	Site area *(sq.m./sq.ft.)*	Gross floor area *(sq.m./sq.ft.)*	Development progress (up to 25 June 2015)	Estimated completion date	Attributable interest of the Group *(%)*
MAINLAND CHINA						
7. Enterprise Square (僑城坊) Qiaoxiang Road North Nanshan District Shenzhen Guangdong Province	Composite	48,764 sq.m. (524,700 sq.ft.)	224,500 sq.m. (2,415,620 sq.ft.)	Construction works in progress	2016 to 2017	13.62
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	–	68.09
9. Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	68.09

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	68.09
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	40.85
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.)	–	68.09
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.)	–	68.09

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

GROUP III – PROPERTIES HELD FOR INVESTMENT

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartment/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
MAINLAND CHINA					
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	68.09
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	68.09
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	68.09
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	68.09
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	68.09

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

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

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartment/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
HONG KONG					
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	68.09
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	68.09
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	68.09
22. Hilder Centre (富德中心) 2 Sung Ping Street Hunghom Kowloon	Commercial/ Office	5,038 sq.ft.	2 units	Medium term lease	100

GROUP IV – CARPARKS HELD FOR INVESTMENT

Location	Car parking spaces	Ownership status	Attributable interest of the Group *(%)*
HONG KONG			
23. Provident Centre (和富中心) 21-53 Wharf Road North Point Hong Kong	9	Long term lease	68.09
24. Lido Garden (麗都花園) 41-63 Castle Peak Road Sham Tseng Tsuen Wan New Territories	36	Medium term lease	68.09
25. Shining Court (順寧居) 439 Shun Ning Road Cheung Sha Wan Kowloon	26	Medium term lease	68.09
26. Hilder Centre (富德中心) 2 Sung Ping Street Hunghom Kowloon	2	Medium term lease	100

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chinney Investments, 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 4:30 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.

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
Louisa Kai-Nor Siu
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.