Chinney Investments, Limited

Stock Code: 216

Annual Report 2016/17

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Cover Photo:
Hon Kwok City Commercial Centre – completion works in progress

封面圖片：
漢國城市商業中心－正處於工程竣工階段

CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong *(Chairman)*
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

AUDITOR

Ernst & Young

REGISTRARS

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

REGISTERED OFFICE

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

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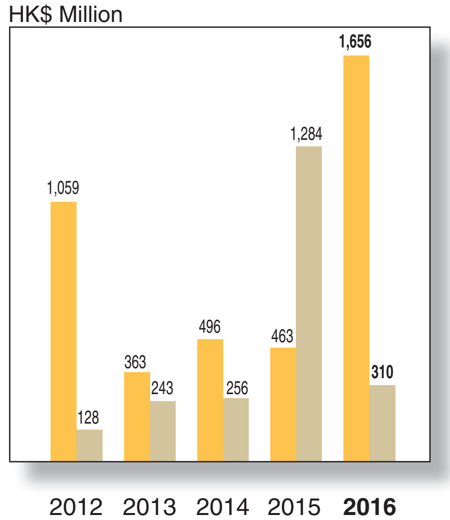
STOCK CODE

SEHK 216

WEBSITE

http://www.chinney.com.hk

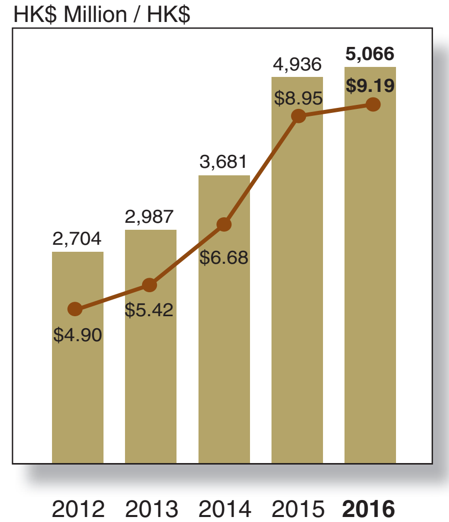
Turnover / Net Profit



■ Turnover

■ Net profit attributable to shareholders

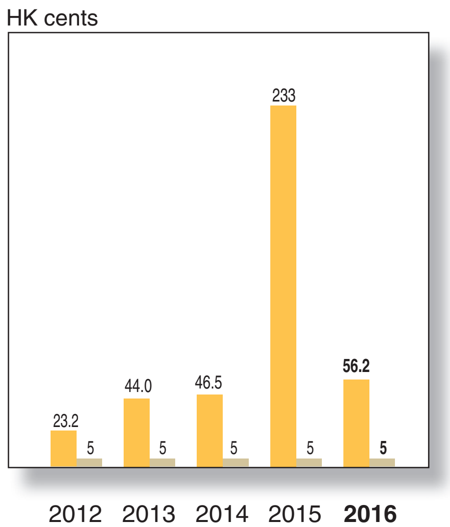
Shareholders' Funds / Net Assets per Share



■ Shareholders' funds

● Net assets per share (HK$)

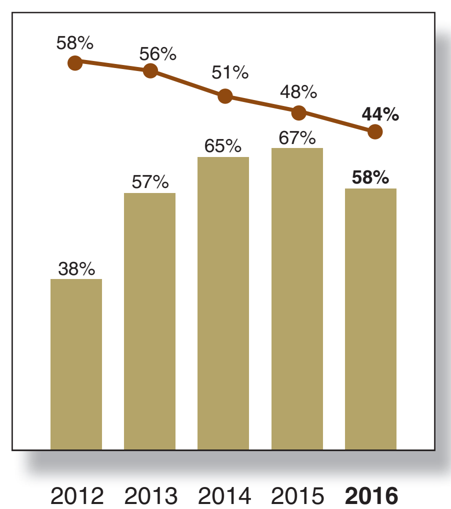
Earnings / Dividend per Share



■ Earnings per share

■ Dividend per share

Gearing / Equity Funding



■ Gearing ratio (*)

● % of total assets financed by equity

(*) Representing ratio of "bank borrowings + obligation under a finance lease – 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 Enterprise Square 僑城坊

Completed Projects

8 Millennium Oasis 城市綠洲花園 Phase I [2001], Phases II & III [2002]
9 City Square 城市天地廣場 [2005]
10 Chongqing Hon Kwok Centre 重慶漢國中心 [2009], held as investment property
11 No. 5 Residence 北京路5號公館 [2009]
12 Chongqing Jinshan Shangye Zhongxin 重慶金山商業中心 [2016], held as investment property

Hotel/Serviced Apartments

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

Acquired Properties

15 Ganghui Dasha 港滙大廈, held as investment property
16 Jie Fang Building 解放大廈, held as investment property

FINANCIAL RESULTS

For the year ended 31 March 2017, the Group's consolidated turnover was HK$1,653 million (2016: HK$1,656 million) and net profit attributable to shareholders amounted to HK$419 million (2016: HK$310 million), inclusive of property revaluation gain attributable to shareholders of HK$373 million, net of deferred tax (2016: HK$288 million). Basic earnings per share were HK$0.76 (2016: HK$0.56). As at 31 March 2017, the shareholders' equity grew to HK$5,225 million (2016: HK$5,066 million). Net assets per share were HK$9.48 (2016: HK$9.19).

DIVIDEND

The Directors recommend the payment of a final dividend of 5 Hong Kong cents per ordinary share for the year ended 31 March 2017 (2016: 5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 4 September 2017. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 22 September 2017.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 25 August 2017. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 22 August 2017 to 25 August 2017 (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 2017.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2017 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 from 1 September 2017 to 4 September 2017 (both days inclusive), 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 29 August 2017. 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 31 August 2017.

BUSINESS REVIEW

1. Property

The Group's property development and investment activities are conducted by Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160) and its subsidiaries ("Hon Kwok Group"). Hon Kwok Group reported a turnover of HK$1,574 million (2016: HK$1,570 million) and net profit attributable to shareholders of HK$585 million (2016: HK$460 million) for the financial year 2016/17.

Disposal of Properties

Dong Guan Zhuan Road 東莞莊路 project in Guangzhou

On 19 January 2017, Hon Kwok Group entered into a sale and purchase agreement with Yango City Group Co., Ltd. (listed in Shenzhen Stock Exchange) in relation to the disposal of Hon Kwok Group's 75% interests of a bare site at Dong Guan Zhuan Road 東莞莊路 in Guangzhou, PRC via sale of its offshore holding company together with the assignment of related companies' loans for a total cash consideration of Hong Kong dollar equivalent of RMB3,181,241,120 (approximately HK$3,581,269,000), subject to adjustments. The transaction is scheduled to be completed in August 2017 subject to fulfillment of certain conditions precedent. This constituted a very substantial disposal transaction for Hon Kwok and the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the listing rules. The above transaction were approved by the shareholders in the respective extraordinary general meetings held on 25 May 2017. For details, please refer to the Company's joint announcement dated 24 January 2017, circular dated 9 May 2017 and announcement dated 25 May 2017.

Car parking spaces in Hong Kong

In December 2016, grasping the opportunity of an uptrend in selling price of car parking spaces, Hon Kwok Group had realized all the car park units being held for investment at Lido Garden, Sham Tseng and Shining Court, Cheung Sha Wan as well as majority of those at Provident Centre, North Point at a reasonable return.

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Development and Investment

Guangzhou, PRC

The Botanica project – full view

The **Botanica** 寶翠園, comprises 39 blocks of high-rise residential building 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 is scheduled for development by phases. In the prior financial years, **Botanica Phases 1 and 2** 寶翠園一及二期, with a total 16 blocks of over 750 units, had been sold out and the relevant profits had been recognized in the previous financial statements. **Botanica Phase 3** 寶翠園三期, comprises 12 blocks of about 530 units, have also been sold out and eight blocks of which had been delivered in the prior financial year. The remaining four blocks have been delivered to individual purchasers during the year under review and the relevant profits were recognized in the current statement of profit or loss. Internal finishing works of **Botanica Phase 4** 寶翠園四期, comprises 11 blocks of about 550 units, are well in progress and the delivery of individual units of four blocks to purchasers have been commenced earlier this month with the remaining blocks expected to be delivered commencing last quarter of this year. Up to the date of this report, nearly all units of **Botanica Phase 4** 寶翠園四期 have been sold and total contracted sales exceeding RMB2,000 million.

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Development and Investment *(Continued)*

Guangzhou, PRC *(Continued)*

Ganghui Dasha 港滙大廈, a 20-storey commercial/office building, is situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District. Its current occupancy rate is about 80%.

The newly acquired **Jie Fang Building** 解放大廈, a completed 15-storey commercial and office building situated at Jiefang Road South, Yue Xiu District, is being held by the Group for recurrent rental income and/or investment potential.

Foundation works of the project site at **45-107 Beijing Nan Road**, Yue Xiu District are expected to be commenced by the end of this year.

Nanhai, Foshan, PRC

Metropolitan Oasis project – full view

Metropolitan Oasis 雅瑤綠洲, situated in Da Li District, Nanhai with a total gross floor area of approximately 273,000 sq.m., is also scheduled for development by phases. Phase I of the project comprises 71 units of 3-storey town houses and 24 blocks of high-rise apartments of about 900 units. Up to the date of this report, over 95% of the above phase has been sold and generated sale proceeds exceeding RMB1,200 million and majority of the above apartment units have been delivered to individual purchasers. Phase 2 of the project comprises 192 units of 3-storey town houses of which finishing works are in progress and expected to be completed by stages commencing last quarter of this year through second quarter of next year. Portion of the town houses has been launched to the market for pre-sale and up to the date of this report, total contracted sales exceeding RMB370 million.

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Development and Investment *(Continued)*

Shenzhen, PRC

Hon Kwok City Commercial Centre – completion works in progress

Construction works of **Hon Kwok City Commercial Centre** 漢國城市商業中心, with a total gross floor area of 128,000 sq.m. and situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Futian District, are in progress and expected to be completed by end of this year. Thereafter, this 80-storey (including 5 storeys underground) commercial/office tower will be held by the Group for recurrent rental income.

City Square 城市天地廣場, situated at Jia Bin Road, Luo Hu District, is a 5-storey commercial podium. All the retail shops at ground level and the entire first floor of the podium are fully let. **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 a satisfactory level. The average occupancy rate of **City Suites** 寶軒公寓, a 64-unit serviced apartments on top of the podium, is closed to 100%.

Enterprise Square – finishing works in progress

Enterprise Square 僑城坊, situated at Qiaoxiang Road North, Nanshan District, measures a site area of 48,764 sq.m. and with a total gross floor area of approximately 224,500 sq.m. It is being developed in two phases into 12 blocks of buildings for composite use in which Hon Kwok Group has 20% interest. Finishing works are well in progress and expected to be completed in last quarter of this year through third quarter of next year. Gross floor area of about 50,000 sq.m. of office nature have been pre-sold and generated sale proceeds amounting to approximately RMB2,000 million. It is the current intention that certain portion of the project of commercial/office nature to be retained for recurring rental income upon completion of construction.

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Development and Investment *(Continued)*

Chongqing, PRC

Left: Chongqing Hon Kwok Centre
Right: Chongqing Jinshan Shangye Zhongxin

The occupancy rate of **Chongqing Hon Kwok Centre** 重慶漢國中心, a 21-storey twin-tower office building atop of a 4-storey retail/commercial podium and situated at Bei Bu Xin Qu, is currently over 95%.

Chongqing Jinshan Shangye Zhongxin 重慶金山商業中心, a twin-tower project, is also situated at Bei Bu Xin Qu and adjacent to the above **Chongqing Hon Kwok Centre** 重慶漢國中心. It comprises a 41-storey grade A office tower and a 42-storey 5-star hotel plus office tower with respective 4-storey retail/commercial podium. The occupancy of the completed office tower has been progressed smoothly and renovation works of the hotel/office tower are scheduled to be completed in last quarter of this year.

Hong Kong – Property Investment

Foundation works of the bare site at **Kin Chuen Street, Kwai Chung**, **New Territories** acquired via government public tender in prior years have been commenced and are expected to be completed in next year followed by superstructure works. It will be developed for non-residential use with a total gross floor area of approximately 228,000 sq.ft. for recurrent rental income.

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 hotel/apartment building at Connaught Road Central and Des Voeux Road Central, is above 95% with encouraging room rates whilst that of **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, is about 85%. The retail areas at street level of the aforesaid building are fully let.

The average occupancy and room rates of **The Bauhinia Hotel (TST)** 寶軒酒店（尖沙咀）, a 98-room boutique hotel occupying total 20 floors of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, are both satisfactory. All the remaining floors of the above building have been leased out for commercial use including a restaurant.

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

BUSINESS REVIEW *(Continued)*

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$79 million (2016: HK$86 million) with a net loss of HK$2.4 million (2016: loss HK$14.2 million) for the year ended 31 March 2017.

The Group's garment business, which focused on fashionable garment production in Mainland China and exported mainly to European market, continued facing a tough year filled with uncertainties. Economic growth in major European countries remained subdued and economic performance showed divergence across different countries of which economic activities in Germany outpaced that in France and Italy. The feeble consumer market continued to hamper domestic demand and hit our garment net profit margin.

J.L. Garment Group is under transformation and is scaling down its business structure to reduce overhead, as well as implementing stringent measures on cost control. In the course of business restructuring, it reduced the office plan in the Hong Kong operation and intended to lease out the whole floor of vacated office space. Due to the booming local property market, J.L. Garment Group recorded a property revaluation gain of HK$17.5 million (2016: loss of HK$0.1 million) on its investment properties held for investment and rental income.

To strive for improved profitability, J.L. Garment Group endeavors to broaden its new customer base in the European countries while exploring new business opportunities in the local and Asia markets.

3. Construction and Trading

Chinney Alliance Group Limited ("Chinney Alliance") (Stock Code: 385), a 29.1% owned associate recorded turnover and net profit attributable to shareholders for the year ended 31 December 2016 of HK$4,571 million (2015: HK$4,552 million) and HK$209.9 million (2015: HK$169.1 million).

Foundation piling work at LOHAS Park

Chinney Alliance's foundation piling and ground investigation businesses are conducted by Chinney Kin Wing Holdings Limited ("Chinney Kin Wing") (Stock Code: 1556), a 74.5% owned subsidiary listed on the Main Board of Hong Kong Stock Exchange in November 2015. Chinney Kin Wing reported a revenue of HK$1,356 million (2015: HK$1,515 million) and operating profit of HK$119.4 million (2015: HK$168.9 million). The decrease in revenue was mainly due to the substantial completion of certain sizeable projects awarded in previous years, whereas the projects undertaken during the year under review were smaller in contract sum. Profit margin also dropped slightly due to keen competition in the foundation industry with less tenders available for the foundation sector in Hong Kong and Macau. Besides, depreciation charges were increased due to the enhancement of piling plant and machinery in past years, resulting in a drop of net profit.

BUSINESS REVIEW *(Continued)*

3. Construction and Trading *(Continued)*

The Building Construction division, mainly consists of Chinney Construction Company Limited, a wholly owned subsidiary of Chinney Alliance Group, engaged in superstructure construction works, contributed a revenue of HK$1,079 million (2015: HK$1,120 million) and operating profit of HK$65.7 million (2015: HK$35.0 million). Although revenue dropped slightly, operating profit increased substantially due to the improved profit margin for new projects as well as the contribution from projects commenced in 2015 which had been substantially progressed with profit recognition in the year under review.

Main Contract Works for the Residential Development in Kowloon City

Main Contract Works for School – The Independent Schools Foundation Academy

The Building related contracting services division, consists of Shun Cheong Investments Limited and its subsidiaries, engaged in the electrical and mechanical contracting businesses, contributed a revenue of HK$1,584 million (2015: HK$1,349 million) and operating profit of HK$102.5 million (2015: HK$25.4 million). Operating profit improved substantially due to the increase in number of contracts, coupled with the implementation of cautious cost control and project management measures.

The Plastic Trading division recorded a slight decrease in operating profit resulted from the tough international trade environment. Nevertheless, the division continues to develop diversified products to enhance its profitability.

4. Transferable term and revolving loan facilities

In view of the liquidity of the money market coupled with the favourable interest margin last year, the management believed that it would be in the best interest to raise new facilities to average down the funding cost of the Group as a whole. In October 2016, Chinney Treasury Limited ("Chinney Treasury"), a wholly-owned subsidiary of the Company, as borrower entered into a facility agreement relating to HK$1,000 million transferable term and revolving loan facilities with a syndicate of banks. The loan facilities have a term of 48 months commencing from the date of the facility agreement and have been used for refinancing the existing loan facilities leaving the balance for further investment, as appropriate, and for financing the Group's general working requirements.

OUTLOOK

Looking forward, the policy uncertainty, geopolitical risk and the US interest rate hike are threatening the global recovery. In the United States, the stock markets regained momentum and are expected to strengthen the economic upturn as reflected by the satisfactory economic indicators in GDP growth, unemployment and inflation. However, uncertainty about future policy direction, together with the normalization of interest rates pose downside risks to its growth prospect. For the Eurozone countries, they continued to exhibit divergence in growth performance, with major economies including Italy and Spain, still struggling to achieve sustainable growth. Nonetheless, it is likely that the long process of unwinding the ties with the European Union following the Brexit referendum will induce further volatility in the Eurozone.

In 2016, GDP growth in the Mainland China reached 6.7% and is forecast to be slightly slowdown in 2017. During the period under review, the real estate market remained robust. It is expected that the restrictive measures implementing in the major cities will continue in near term to contain the underlying risks of the booming property market. In light of the prevailing risks including the high level of corporate leverage and rapid credit growth in the China market, it is anticipated that further tightening policies may be imposed by the Central Government to stabilize the economy.

In Hong Kong, the economy remained stable under the low unemployment and stable income environment. Nevertheless, the prices of residential and commercial properties continued to upsurge throughout the year despite the government's cooling measures including the rise in stamp duty and further tightening of property mortgage. In view of the prevailing risks in the property market, as reflected by the worsening residential affordability and the foreseeable interest rates rise, the local property market may become more erratic in the year ahead.

Finally, I would like to take this opportunity to thank my fellow directors for their advices and all staff members for their dedication and hard work during the year under review.

James Sai-Wing Wong
Chairman

Hong Kong, 29 June 2017

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

James Sai-Wing Wong

Aged 79, 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. 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.

William Chung-Yue Fan

Aged 76, 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 79, 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, a non-executive director of Chinney Alliance and the Chairman of Chinney Kin Wing, which are all 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 71, 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 53, 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 29 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 and Chinney Kin Wing, which are both 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Clement Kwok-Hung Young

Aged 83, 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.

Peter Man-Kong Wong

Aged 68, 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 67, was appointed as an independent non-executive director of the Company in 2007. He has over 39 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 62, is an executive director of Hon Kwok and the Vice-Chairman and Managing Director of Chinney Alliance and a director and Vice Chairman of Chinney Kin Wing, which are all listed on the Main Board of the Stock Exchange. He joined the Group in 1989 and has 43 years of experience in the construction industry. He is a member of the Chartered Institute of Building.

Vincent Kwok-Kuen Wong

Aged 58, 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 39 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 51, joined the Company in 2005 and is the Company Secretary and Financial Controller of the Company. She has 28 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 45, joined the Company in 2010 and is the Director – Corporate Finance of the Company. He has 22 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

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 James Sing-Wai Wong is the son of James Sai-Wing Wong.

During the year under review, two full board meetings were held. As business operations were under the management and supervision of the executive directors of the Company, who had from time to time held meetings to resolve all material business or management issues, thus only two full board meetings were held for the year ended 31 March 2017.

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 provide 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, William Chung-Yue Fan and Peter Man-Kong Wong shall retire by rotation. They have notified the Company that they have decided not to stand for re-election at the forthcoming annual general meeting.

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 training received by each of the directors during the year ended 31 March 2017 is summarised as follows:

Name of director	Type of training
Executive Directors	
James Sai-Wing Wong	B
Herman Man-Hei Fung	B
Non-Executive Directors	
William Chung-Yue Fan	A
Paul Hon-To Tong	A, B
James Sing-Wai Wong	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 auditor.

The Audit Committee held two meetings during the year under review, which were attended by the external auditor, 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 auditor, 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 MEETINGS

	Number of meetings attended during the year ended 31 March 2017					
	Board Meetings	Remuneration Committee Meeting	Audit Committee Meetings	Annual General Meeting held on 25 August 2016	Extraordinary General Meeting held on 6 July 2016	Extraordinary General Meeting held on 7 November 2016
Number of meetings held during the year ended 31 March 2017	2	1	2	1	1	1
James Sai-Wing Wong	2	N/A	N/A	1	0	0
William Chung-Yue Fan	2	N/A	2	1	0	0
Herman Man-Hei Fung	2	1	2	1	1	1
Paul Hon-To Tong	2	N/A	N/A	1	0	0
James Sing-Wai Wong	2	N/A	N/A	1	0	0
Clement Kwok-Hung Young	1	1	1	0	0	0
Peter Man-Kong Wong	1	N/A	2	0	0	0
James C. Chen	2	1	2	1	0	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.

AUDITOR'S REMUNERATION

During the year under review, the Group had engaged its external auditor, 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	3,484
Non-audit services (tax compliance services and other services)	59
	3,543

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE ACCOUNTS

The directors' responsibilities for the accounts and the responsibilities of the external auditor to the shareholders are set out in the Independent Auditor's Report on pages 41 to 45 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibilities for maintaining the Group's systems of internal control and reviewing their effectiveness. The internal control systems of the Group are designed to provide reasonable assurance to minimize risk of failure in operational systems, and to assist in the achievement of the Group's goals. The systems are also structured to safeguard the Group's assets, to ensure the maintenance of proper accounting records and compliance with applicable laws, rules and regulations. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives. The Group has dedicated internal audit function which reviews the effectiveness of the risk management and internal control systems from time to time in order to ensure that they meet with the dynamic and ever changing business environment.

During the year, the Audit Committee has reviewed the Group's internal control system and considered the internal audit report with the Group's executive directors and finance executive. The review covers all material controls, including financial, operational and compliance controls and risk management of the Group and such systems have been considered reasonably effective and adequate.

The Group regularly reminds the directors and relevant employees for the compliance of policies regarding the inside information, and provide them with updates on the appropriate guidelines or policies to ensure the compliance with regulatory requirements.

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 2017, 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 chairman of the board committees (or in their absence, other members of the committees) together with the external auditor are available to answer shareholders' questions at the meeting. At the general meeting, each substantially separate issue will be considered by a separate resolution, including the election of individual directors, and the poll procedures will be clearly explained.

REPORT OF THE DIRECTORS

The directors herein present their report and the audited financial statements for the year ended 31 March 2017.

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 2017 and the Group's financial position at that date are set out in the financial statements on pages 46 to 142.

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 and uncertainties 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 43 to the financial statements on pages 134 to 140 of this annual report.

The Group is committed to build an environmental-friendly corporation with the aim to conserve natural resources. The Group has taken initiatives to reduce energy consumption and encourage recycle of office supplies and other materials. The Group will continue to review and promote its environmental policies.

During the year ended 31 March 2017, there were no material breach of or non-compliance with applicable laws and regulations by the Group that have significant impact on the business and operations of the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group's relationships with its employees are set out in the section headed "Management Discussion and Analysis" below.

The Group recognises the importance of maintaining good relationships with business partners, customers, suppliers and sub-contractors to achieve its long-term business growth and development. Accordingly, the Group has kept good communications and shared business updates with them when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$6,164 million as at 31 March 2017 (2016: HK$6,451 million), of which approximately 31% (2016: 52%) of the debts were classified as current liabilities. Included therein were debts of HK$198 million (2016: HK$163 million) related to bank loans with repayable on demand clause and HK$1,203 million (2016: HK$2,442 million) related to project or term loans which will be refinanced during the forthcoming financial year. Based on the repayment schedules pursuant to the related loan agreements and assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts was approximately 9% (2016: 11%).

Total cash and bank balances including time deposits were approximately HK$2,417 million as at 31 March 2017 (2016: HK$1,872 million). Included in cash and bank balances are restricted bank deposits of HK$750 million (2016: HK$623 million) which can only be applied in the designated property development projects prior to their completion of construction. The Group had committed but undrawn banking facilities of a total of approximately HK$2,126 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2017 were approximately HK$5,225 million (2016: HK$5,066 million). The increase was mainly due to current year's profit attributable to shareholders and revaluation surplus on a property, offset by depreciation in value of assets less liabilities denominated in Renminbi.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK$3,747 million (2016: HK$4,579 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$8,133 million (2016: HK$7,867 million), was 46% as at 31 March 2017 (2016: 58%).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Funding and treasury policies

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

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

Foreign currency exposure is closely monitored by management and hedged to the extent desirable. As at 31 March 2017, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Properties with an aggregate carrying value of approximately HK$12,793 million as at 31 March 2017 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 36 to the financial statements.

Employees and remuneration policies

The Group, not including its associates and a joint venture, employed approximately 570 employees as at 31 March 2017. 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 2017 (2016: 5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 4 September 2017. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 22 September 2017.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 25 August 2017. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 22 August 2017 to 25 August 2017 (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 2017.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2017 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 from 1 September 2017 to 4 September 2017 (both days inclusive), 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 29 August 2017. 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 31 August 2017.

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 143. This summary does not form part of the audited financial statements.

SHARE CAPITAL

There were no movements in the share capital of the Company during the year.

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 2017.

DISTRIBUTABLE RESERVES

At 31 March 2017, 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$686,008,000, of which HK$27,568,000 has been proposed as a final dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, purchases from the Group's five largest suppliers accounted for 68% of the total purchases for the year. Purchases from the Group's largest supplier included herein totalled 48%. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

None of the directors of the Company or any of their its associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's share capital) 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
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, William Chung-Yue Fan and Peter Man-Kong Wong will retire by rotation at the forthcoming annual general meeting. They have notified the Company that they have decided not to stand for re-election at the forthcoming annual general meeting.

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

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were Joseph Hung-Leung Chan, Hai-Ou Gao, Ying-Hua Guo, Rebecca Wing-Man Ho, Xiao-Wen Hong, Yiu Hong, Chi-Kin Lam, Stephen Chun-Piu Lee, Xiao-Ping Li, Thomas Hang-Cheong 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.

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 40 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 any of the Company's holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2017, 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	348,763,324	63.25
	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	502,262,139	69.72
	1 & 4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 5	Chinney Alliance	Through controlled corporations	436,860,216	73.43
	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
	1 & 7	Chinney Trading Company Limited	Through controlled corporations	10,400	80.00
Herman Man-Hei Fung	*1*	Hon Kwok	Beneficially owned	1,100,000	0.15

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 502,262,139 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 11,756,000 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 436,860,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 263,766,521 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 2017, 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 2017, 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	348,763,324	63.25
Lucky Year	Through controlled corporation	348,763,324	63.25

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 2017, 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 TRANSACTIONS

(a) On 9 May 2016, True Light Enterprises Limited ("True Light"), an indirect wholly-owned subsidiary of Hon Kwok, entered into a sale and purchase agreement with Rich Fate Limited ("Rich Fate"), pursuant to which True Light conditionally agreed to acquire and Rich Fate conditionally agreed to sell the entire issued share capital of Right Colour Limited ("Right Colour") and the assignment of related shareholder's loan to True Light for an aggregate cash consideration of HK$68,795,000, net of PRC tax which Rich Fate was required to pay in connection with the sale of the entire issued share capital of Right Colour. Right Colour indirectly holds 50% interest in an investment property in Guangzhou, PRC. As Rich Fate was beneficially owned by James Sai-Wing Wong, Chairman and substantial shareholder of Hon Kwok and the Company, the related transaction constituted a connected transaction of Hon Kwok and the Company under the Listing Rules and the approval of the independent shareholders had been obtained at the respective extraordinary general meetings held on 6 July 2016. The above transaction was completed on 12 July 2016.

(b) On 20 September 2016, the Company, Hon Kwok, Chinney Alliance and Chinney Kin Wing jointly announced that a wholly-owned subsidiary of Hon Kwok conditionally agreed to engage and a wholly-owned subsidiary of Chinney Kin Wing conditionally agreed to carry out foundation construction works on the vacant site at K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong for a contract sum of HK$210,000,000. James Sai-Wing Wong is the controlling shareholder of each of the Company, Hon Kwok, Chinney Alliance and Chinney Kin Wing and thus, the above companies are connected persons to one another under the Listing Rules. The related transactions constituted a connected transaction of each of the above companies under the Listing Rules and the approval of the respective independent shareholders had been obtained at the respective extraordinary/special general meetings held on 7 November 2016.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

(a) In August 2013, Chinney Treasury, 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.

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

Pursuant to the 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 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 Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the Loan Facilities to be immediately due and payable.

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

(c) In October 2016, Chinney Treasury, a wholly-owned subsidiary of the Company, as borrower, entered into an agreement (the "HK$1,000 million Facilities Agreement") relating to 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 Facilities Agreement and to be used for refinancing the existing loans facilities with outstanding balance of HK$290 million and financing the Group's general working capital requirements.

Pursuant to the HK$1,000 million Facilities Agreement, it shall be an event of default if James Sai-Wing Wong, the Chairman of the Company, and/or his family members collectively cease 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$1,000 million Facilities 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, James Sai-Wing Wong, Chairman of the Company, has deemed interests and holds directorships in companies engaged in the businesses of property investment. In this respect, James Sai-Wing Wong is regarded as being interested in businesses which might compete with the Group.

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

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group throughout the year.

AUDITOR

Ernst & Young retire and a resolution for their re-appointment as auditor 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, 29 June 2017

Ernst & Young
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Central, Hong Kong

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

OPINION

We have audited the consolidated financial statements of Chinney Investments, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 46 to 142, which comprise the consolidated statement of financial position as at 31 March 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Estimation of fair value of investment properties	
As at 31 March 2017, the Group's investment properties (including completed investment properties and investment properties under construction) measured at fair value amounted to approximately HK$11,883 million, with net gains arising from fair value change recognised in the statement of profit or loss of approximately HK$663 million. The valuation process is inherently subjective, and dependent on a number of estimates such as market rent, market yield, market price per unit, developer's profit margin, stabilised growth rate, etc. To support management's determination of the fair value, the Group has engaged an independent professionally qualified valuer to perform the valuation of investment properties. The significant accounting judgements and estimates and disclosures about the fair value measurement of investment properties are included in notes 3 and 16 to the financial statements.	Among our audit procedures, we evaluated the objectivity, independence and competence of the valuer by examining the valuer's qualification and assessed the valuation methodologies and assumptions adopted by the valuer with assistance from our internal valuation expert. For completed investment properties, we evaluated the data used as inputs for the valuation, which included reference to the market unit selling price of comparable properties nearby and the rental value of existing tenancies, by benchmarking against market values of comparable properties and checking the relevant tenancy agreements. For investment properties under construction, we evaluated the cost to completion by checking management's budget and contracts entered into with contractors.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment for properties held for sale under development and completed properties held for sale	
As at 31 March 2017, the Group has recorded properties held for sale under development and completed properties held for sale of approximately HK$2,224 million in aggregate. Properties held for sale under development and completed properties held for sale are stated at the lower of cost and net realisable value. Management's impairment assessment is significant to our audit, considering the degree of judgement involved in estimating the sales proceeds and selling expenses, and level of complexity involved in making those assumptions in estimation. The significant accounting judgements and estimates and disclosures about the balances of properties held for sale under development and completed properties held for sale are included in notes 3 and 21 to the financial statements.	Our audit procedures included the understanding and review of management's impairment assessment process and assumptions adopted with reference to externally available industry and market data and actual sales transactions of properties during the year and subsequent to the end of the reporting period. For properties held for sale under development, we also reviewed the costs incurred to date and future costs to completion against the latest project development cost budgets prepared by management to assess the total costs of properties for impairment assessment purpose. We tested the basis of preparing those budgets taking into account the accuracy of previous budgets of similar projects and the construction quotations, agreements or invoices and historical data supporting the underlying assumptions.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ki Wing Yee, Winnie.

Ernst & Young
Certified Public Accountants
Hong Kong

29 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
REVENUE	5	**1,652,964**	1,655,688
Cost of sales		**(1,007,362)**	(1,115,598)
Gross profit		**645,602**	540,090
Other income	5	**22,960**	21,878
Fair value gains on investment properties, net		**662,992**	616,256
Fair value gains/(losses) on equity investments at fair value through profit or loss, net		**(73)**	51
Gain on disposal of a subsidiary	34	**–**	7,360
Gain on disposal of investment properties, net		**541**	–
Selling and distribution expenses		**(11,961)**	(12,377)
Administrative and other operating expenses, net		**(225,019)**	(195,741)
Finance costs	6	**(131,805)**	(134,491)
Share of profits and losses of associates		**60,489**	48,982
PROFIT BEFORE TAX	7	**1,023,726**	892,008
Income tax expense	10	**(301,748)**	(370,035)
PROFIT FOR THE YEAR		**721,978**	521,973
Attributable to:			
Owners of the Company		**419,415**	309,615
Non-controlling interests		**302,563**	212,358
		721,978	521,973
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic and diluted		**HK$0.76**	HK$0.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

	2017 *HK$'000*	2016 *HK$'000*
PROFIT FOR THE YEAR	**721,978**	521,973
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of associates	**(8,256)**	(5,765)
Exchange differences on translation of foreign operations	**(479,606)**	(279,547)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(487,862)**	(285,312)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**88,538**	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:	**88,538**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(399,324)**	(285,312)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**322,654**	236,661
Attributable to:		
Owners of the Company	**186,517**	120,537
Non-controlling interests	**136,137**	116,124
	322,654	236,661

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**125,934**	71,988
Prepaid land lease payments	15	**6,869**	8,552
Investment properties	16	**12,599,604**	11,864,978
Investment in a joint venture	18	**199**	199
Investments in associates	19	**671,580**	628,002
Total non-current assets		**13,404,186**	12,573,719
CURRENT ASSETS			
Inventories	20	**2,677**	4,687
Properties held for sale under development and completed properties held for sale	21	**2,223,805**	3,065,950
Prepaid land lease payments	15	**1,174**	1,240
Trade and bills receivables	22	**28,571**	24,510
Prepayments, deposits and other receivables	23	**192,976**	203,503
Equity investments at fair value through profit or loss	24	**799**	871
Tax recoverable		**227**	16,896
Pledged deposits	25	**–**	142,207
Cash and bank balances	25	**2,417,193**	1,730,080
		4,867,422	5,189,944
Assets of a disposal group classified as held for sale	11	**482,001**	–
Total current assets		**5,349,423**	5,189,944
CURRENT LIABILITIES			
Trade payables and accrued liabilities	26	**644,469**	552,666
Customer deposits		**2,335,704**	1,510,460
Due to an associate	19	**31,740**	37,490
Obligation under a finance lease	27	**157**	153
Interest-bearing bank borrowings	28	**1,915,408**	3,330,804
Tax payable		**115,436**	98,057
		5,042,914	5,529,630
Liabilities directly associated with the assets classified as held for sale	11	**120**	–
Total current liabilities		**5,043,034**	5,529,630
NET CURRENT ASSETS/(LIABILITIES)		**306,389**	(339,686)
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,710,575**	12,234,033

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT LIABILITIES			
Obligation under a finance lease	27	**81**	238
Interest-bearing bank borrowings	28	**4,248,699**	3,120,285
Deferred tax liabilities	29	**1,328,676**	1,246,737
Total non-current liabilities		**5,577,456**	4,367,260
Net assets		**8,133,119**	7,866,773
EQUITY			
Equity attributable to owners of the Company			
Share capital	30	**405,411**	405,411
Reserves	31	**4,819,633**	4,660,684
		5,225,044	5,066,095
Non-controlling interests		**2,908,075**	2,800,678
Total equity		**8,133,119**	7,866,773

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Attributable to owners of the Company							
	Share capital 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 2015	405,411	440,218	5,489	439,751	3,644,867	4,935,736	2,713,294	7,649,030
Profit for the year	–	–	–	–	309,615	309,615	212,358	521,973
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations	–	–	–	(189,078)	–	(189,078)	(96,234)	(285,312)
Total comprehensive income/(loss) for the year	–	–	–	(189,078)	309,615	120,537	116,124	236,661
Share of deemed disposal of partial interests in a subsidiary of an associate	–	–	–	–	37,390	37,390	–	37,390
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(28,740)	(28,740)
Final 2015 dividend declared	–	–	–	–	(27,568)	(27,568)	–	(27,568)
At 31 March 2016 and 1 April 2016	405,411	440,218*	5,489*	250,673*	3,964,304*	5,066,095	2,800,678	7,866,773
Profit for the year	–	–	–	–	419,415	419,415	302,563	721,978
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations	–	–	–	(321,436)	–	(321,436)	(166,426)	(487,862)
Revaluation reserve	–	–	88,538	–	–	88,538	–	88,538
Total comprehensive income/(loss) for the year	–	–	88,538	(321,436)	419,415	186,517	136,137	322,654
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(28,740)	(28,740)
Final 2016 dividend declared	–	–	–	–	(27,568)	(27,568)	–	(27,568)
At 31 March 2017	**405,411**	**440,218***	**94,027***	**(70,763)***	**4,356,151***	**5,225,044**	**2,908,075**	**8,133,119**

* *These reserve accounts comprise the consolidated reserves of HK$4,819,633,000 (2016: HK$4,660,684,000) in the consolidated statement of financial position.*

The asset revaluation reserve arose from a change in use from an owner-occupied property to an investment property carried at fair value. In accordance with HKAS 16, these balances were frozen and were not available to offset the current and future years' revaluation deficits on investment properties until the retirement or disposal of these assets.

	Notes	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,023,726**	892,008
Adjustments for:			
Share of profits and losses of associates		**(60,489)**	(48,982)
Interest income	5	**(6,779)**	(6,475)
Finance costs	6	**131,805**	134,491
Depreciation	7	**8,510**	11,343
Amortisation of prepaid land lease payments	7	**1,174**	1,240
Fair value gains on investment properties, net	7	**(662,992)**	(616,256)
Loss on disposal of items of property, plant and equipment, net	7	**130**	10,580
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	7	**73**	(51)
Gain on disposal of a subsidiary	7	**–**	(7,360)
Gain on disposal of investment properties, net	7	**(541)**	–
Impairment of trade receivables	7	**2,861**	73
		437,478	370,611
Decrease/(increase) in inventories		**2,010**	(248)
Decrease in properties held for sale under development and completed properties held for sale		**206,855**	344,325
Increase in trade and bills receivables, prepayments, deposits and other receivables		**(19,553)**	(44,842)
Increase/(decrease) in trade payables and accrued liabilities		**126,003**	(35,105)
Decrease in an amount due to an associate		**(5,750)**	–
Increase in customer deposits		**910,574**	700,432
Cash generated from operations		**1,657,617**	1,335,173
Hong Kong profits tax refunded/(paid)		**31**	(71)
Overseas taxes paid		**(148,188)**	(147,072)
Net cash flows from operating activities		**1,509,460**	1,188,030

	Notes	2017 HK$'000	2016 HK$'000
Net cash flows from operating activities		**1,509,460**	1,188,030
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	*14*	**(63,008)**	(5,910)
Acquisition of subsidiaries	*33*	**(136,455)**	–
Additions to investment properties		**(230,660)**	(435,023)
Dividends received from an associate		**8,655**	6,924
Interest received		**6,779**	6,475
Proceeds from disposal of items of property, plant and equipment		**375**	822
Proceeds from disposal of investment properties		**61,619**	–
Decrease in pledged deposits		**142,207**	199,252
Increase in non-pledged time deposits with original maturity of more than three months when acquired		**(290,830)**	(46,981)
Disposal of a subsidiary	*34*	**–**	13,442
Net cash flows used in investing activities		**(501,318)**	(260,999)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(231,059)**	(241,579)
Dividends paid to non-controlling shareholders		**(28,740)**	(28,740)
Dividend paid		**(27,568)**	(27,568)
New bank loans		**521,661**	1,527,930
Repayment of bank loans		**(765,638)**	(1,039,961)
Capital element of finance lease payments		**(153)**	(378)
Net cash flows from/(used in) financing activities		**(531,497)**	189,704
NET INCREASE IN CASH AND CASH EQUIVALENTS		**476,645**	1,116,735
Cash and cash equivalents at beginning of year		**1,677,500**	573,494
Effect of foreign exchange rate changes, net		**(80,129)**	(12,729)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**2,074,016**	1,677,500
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*25*	**2,070,768**	1,674,493
Non-pledged time deposits	*25*	**346,425**	55,587
Cash and bank balances as stated in the consolidated statement of financial position		**2,417,193**	1,730,080
Non-pledged time deposits with original maturity of more than three months when acquired		**(343,410)**	(52,580)
Cash attributable to a disposal group classified as held for sale	*11*	**233**	–
Cash and cash equivalents at end of year		**2,074,016**	1,677,500

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 Direct	Indirect	Principal activities
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$16,000,000	–	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		Principal activities
			Direct	Indirect	
Foshan Nanhai XinDa Land Development Ltd.#1	PRC/Mainland China	HK$300,000,000	–	68.09	Property development
Full Yip Development Limited	BVI/Hong Kong	US$1	–	68.09	Property holding and letting
Gold Famous Development Limited	Hong Kong	HK$1	–	68.09	Property development
Guangzhou De Jin Land Investment Co., Ltd.#1	PRC/Mainland China	Renminbi ("RMB") 1,000,000	–	68.09	Property holding and letting
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 Jian Zhao Land Investment Co., Ltd.#1	PRC/Mainland China	RMB40,000,000	–	68.09	Property holding and letting
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
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	–	68.09	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
Hon Kwok Land Investment Company, Limited ("Hon Kwok")	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
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

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
Multi-Investment Group Limited	BVI	US$1	–	100.00	Investment holding
Shenzhen Guanghai Investment Co., Ltd.#1	PRC/Mainland China	RMB880,000,000	–	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 holding and letting
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 Ltd. 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, and a disposal group held for sale which has been stated at the lower of its carrying amount and fair value less cost to sell as further explained in note 2.4. 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 2017. 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.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

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

Other than as explained below regarding the impact of amendments to HKAS 1, amendments to HKAS 16 and HKAS 38 and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) 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 a 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 applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) *Annual Improvements to HKFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

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.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]
Amendments to HKAS 40	*Transfers of Investment Property*[2]
Annual Improvements 2014-2016 Cycle	Amendments to a number of HKFRSs[5]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

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

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 April 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

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

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 is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

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

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

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

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 April 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 April 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 April 2017.

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 is measured at fair value with changes in fair value recognised in profit or loss. 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 inventories, 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);

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

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". 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 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.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above.

Non-current assets and disposal groups held for sale

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets and disposal groups held for sale *(Continued)*

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

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

Completed properties held for sale

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

Properties held for sale under development

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

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

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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 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 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 balances 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 a 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.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

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

Foreign currencies

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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:

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.

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

Judgements *(Continued)*

Revenue recognition

The Group recognises revenue from the sale of properties held for sale as disclosed in note 2.4 to the financial statements. 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 flows largely independently of the other assets held by the Group.

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

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

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

Judgements *(Continued)*

Investment properties under construction

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 property under construction will be measured at cost until such time as fair value can be determined or construction is completed. Based on the construction progress, 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 21 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 16 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 29 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 Provisional Regulations on 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 development and the generation of rental income; and

(d) the "others" segment comprises, principally, the sub-leasing business and the 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/loss before tax. The adjusted profit/loss 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 associates, gain on disposal of a subsidiary as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in a joint venture, investments in associates, other unallocated head office and corporate assets, including tax recoverable, pledged deposits, cash and bank balances, assets of a disposal group classified as held for sale 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 obligation under a finance lease, interest-bearing bank borrowings, tax payable, deferred tax liabilities, and liabilities directly associated with the assets classified as held for sales, 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 2017	Garment *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	78,520	1,361,320	188,529	24,595	1,652,964
Segment results	(2,946)	432,178	676,381	7,223	1,112,836
Reconciliation:					
Interest income					6,779
Dividend income and unallocated losses					(29)
Corporate and other unallocated expenses					(24,544)
Finance costs					(131,805)
Share of profits and losses of associates					60,489
Profit before tax					1,023,726
Segment assets	175,958	2,506,621	13,546,455	2,048,619	18,277,653
Reconciliation:					
Elimination of intersegment receivables					(3,096,044)
Investments in associates					671,580
Investment in a joint venture					199
Assets of a disposal group classified as held for sale					482,001
Corporate and other unallocated assets					2,418,220
Total assets					18,753,609
Segment liabilities	11,651	3,985,976	1,022,394	1,087,936	6,107,957
Reconciliation:					
Elimination of intersegment payables					(3,096,044)
Liabilities directly associated with the assets classified as held for sale					120
Corporate and other unallocated liabilities					7,608,457
Total liabilities					10,620,490
Other segment information:					
Fair value gains on investment properties, net	17,540	–	645,452	–	662,992
Gain/(loss) on disposal of items of property, plant and equipment, net	3	–	–	(133)	(130)
Gain on disposal of investment properties, net	–	–	541	–	541
Depreciation and amortisation	1,933	873	2,030	4,848	9,684
Capital expenditure*	2,589	2,238	315,039	57,467	377,333

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2016	Garment *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	86,183	1,357,389	175,227	36,889	1,655,688
Segment results	(14,024)	357,232	664,361	(23,378)	984,191
Reconciliation:					
Interest income					6,475
Dividend income and unallocated gains					88
Corporate and other unallocated expenses					(20,597)
Finance costs					(134,491)
Gain on disposal of a subsidiary					7,360
Share of profits and losses of associates					48,982
Profit before tax					892,008
Segment assets	71,627	3,281,509	12,928,705	2,024,514	18,306,355
Reconciliation:					
Elimination of intersegment receivables					(3,060,947)
Investments in associates					628,002
Investment in a joint venture					199
Corporate and other unallocated assets					1,890,054
Total assets					17,763,663
Segment liabilities	12,729	3,065,023	954,338	1,129,473	5,161,563
Reconciliation:					
Elimination of intersegment payables					(3,060,947)
Corporate and other unallocated liabilities					7,796,274
Total liabilities					9,896,890
Other segment information:					
Fair value gains/(losses) on investment properties, net	(60)	–	616,316	–	616,256
Gain/(loss) on disposal of items of property, plant and equipment, net	403	–	–	(10,983)	(10,580)
Depreciation and amortisation	1,408	923	2,208	8,044	12,583
Capital expenditure*	1,354	449	515,390	3,099	520,292

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**123,334**	113,331
Mainland China	**1,471,542**	1,468,490
Europe	**57,668**	72,700
North America	**420**	1,167
	1,652,964	1,655,688

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

(b) Non-current assets

	31 March 2017	31 March 2016
	HK$'000	*HK$'000*
Hong Kong	**3,452,806**	3,216,978
Mainland China	**9,279,601**	8,728,540
	12,732,407	11,945,518

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:

	2017 ***HK$'000***	2016 *HK$'000*
Revenue		
Sale of goods	**78,520**	86,183
Sale of properties	**1,361,320**	1,357,389
Gross rental income	**211,701**	210,556
Property management income	**1,423**	1,560
	1,652,964	1,655,688
Other income		
Bank interest income	**6,779**	6,475
Dividend income from listed investments at fair value through profit or loss	**44**	37
Management fee income received from an associate	**4,500**	7,500
Others	**11,637**	7,866
	22,960	21,878

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans	**231,059**	241,579
Less: Interest capitalised under property development projects	**(99,254)**	(107,088)
	131,805	134,491

7. PROFIT BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Cost of properties sold	**845,791**	948,360
Cost of inventories sold	**66,554**	71,001
Depreciation *(note 14)*	**8,510**	11,343
Amortisation of prepaid land lease payments *(note 15)*	**1,174**	1,240
Minimum lease payments under operating leases#	**21,542**	26,332
Auditor's remuneration	**3,484**	3,329
Employee benefit expense (including directors' remuneration *(note 8)*):		
Wages, salaries, allowances and benefits in kind	**103,265**	97,386
Pension scheme contributions	**2,805**	2,817
	106,070	100,203
Less: Amount capitalised under property development projects	**(20,800)**	(18,400)
	85,270	81,803

7. PROFIT BEFORE TAX *(Continued)*

	2017 HK$'000	2016 HK$'000
Gross rental income included in the following categories:		
Rental income	**(211,701)**	(210,556)
Other income	**(88)**	(703)
	(211,789)	(211,259)
Less: Outgoing expenses*#	**95,017**	96,237
	(116,772)	(115,022)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**72,094**	58,282
Foreign exchange differences, net	**(2,514)**	875
Fair value gains on investment properties, net *(note 16)*	**(662,992)**	(616,256)
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	**73**	(51)
Interest income	**(6,779)**	(6,475)
Impairment of trade receivables *(note 22)*	**2,861**	73
Gain on disposal of investment properties, net	**(541)**	–
Loss on disposal of items of property, plant and equipment, net	**130**	10,580
Gain on disposal of a subsidiary *(note 34)*	**–**	(7,360)

At 31 March 2017 and 2016, 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$14,780,000 (2016: HK$14,350,000) 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, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Fees	**450**	414
Other emoluments:		
Salaries, allowances and benefits in kind	**15,337**	11,928
Discretionary performance-related bonuses*	**4,000**	4,000
	19,337	15,928
	19,787	16,342

* *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:

	2017	2016
	HK$'000	*HK$'000*
Clement Kwok-Hung Young	**75**	69
Peter Man-Kong Wong	**75**	69
James C. Chen	**75**	69
	225	207

There were no other emoluments payable to the independent non-executive directors during the year (2016: 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
2017					
Executive directors:					
James Sai-Wing Wong	–	8,000	2,000	–	10,000
Herman Man-Hei Fung	–	7,337	2,000	–	9,337
	–	15,337	4,000	–	19,337
Non-executive directors:					
William Chung-Yue Fan	75	–	–	–	75
Paul Hon-To Tong	75	–	–	–	75
James Wong-Sing Wai	75	–	–	–	75
	225	–	–	–	225
	225	15,337	4,000	–	19,562

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors *(Continued)*

	Fees	Salaries, allowances and benefits in kind	Discretionary performance-related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2016					
Executive directors:					
James Sai-Wing Wong	–	6,000	2,000	–	8,000
Herman Man-Hei Fung	–	5,928	2,000	–	7,928
	–	11,928	4,000	–	15,928
Non-executive directors:					
Madeline May-Lung Wong (retired on 27 August 2015)	–	–	–	–	–
William Chung-Yue Fan	69	–	–	–	69
Paul Hon-To Tong	69	–	–	–	69
James Wong-Sing Wai	69	–	–	–	69
	207	–	–	–	207
	207	11,928	4,000	–	16,135

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 (2016: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2016: three) non-director, highest paid employees for the year are as follows:

	2017	2016
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**14,415**	12,055
Discretionary performance-related bonuses	**3,500**	3,500
Pension scheme contributions	**221**	208
	18,136	15,763

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

	Number of employees	
	2017	2016
HK$3,000,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	–
HK$5,500,001 to HK$6,000,000	**–**	1
HK$6,500,001 to HK$7,000,000	**1**	1
HK$7,500,001 to HK$8,000,000	**1**	–
	3	3

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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.

	2017	2016
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**158**	54
Current – Elsewhere		
Charge for the year	**104,007**	81,580
LAT in Mainland China	**71,818**	91,279
Deferred *(note 29)*	**125,765**	197,122
Total tax charge for the year	**301,748**	370,035

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:

	2017	2016
	HK$'000	*HK$'000*
Profit before tax	**1,023,726**	892,008
Tax at the statutory tax rate	**239,556**	249,484
Income not subject to tax	**(34,121)**	(1,442)
Expenses not deductible for tax	**28,360**	45,737
Tax losses utilised from previous periods	**(1,704)**	(1,065)
Tax losses not recognised	**12,909**	15,781
Profits and losses attributable to associates	**(9,931)**	(8,063)
LAT	**71,818**	91,279
Others	**(5,139)**	(21,676)
Tax charge at the Group's effective rate of 29% (2016: 41%)	**301,748**	370,035

10. INCOME TAX *(Continued)*

The share of net tax charge attributable to associates amounting to HK$12,616,000 (2016: HK$11,124,000) is included in "Share of profits and losses of 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 2017 (2016: Nil).

11. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 19 January 2017, Hon Kwok announced the decision of its board of directors to dispose of Smooth Ever Investments Limited, a wholly-owned subsidiary of Hon Kwok, and its subsidiaries ("Smooth Ever Group"). Smooth Ever Group is engaged in property development business. The disposal of Smooth Ever Group is scheduled to be completed in August 2017, subject to fulfilment of certain conditions precedent. As at 31 March 2017, as the disposal of Smooth Ever Group is still pending for completion, it was classified as a disposal group held for sale.

The major classes of assets and liabilities of Smooth Ever Group classified as held for sale as at 31 March 2017 are as follows:

	2017 ***HK$'000***
Assets	
Property, plant and equipment	**43**
Properties held for sale under development	**481,586**
Prepayments, deposits and other receivables	**139**
Cash and bank balances	**233**
Assets of a disposal group classified as held for sale	**482,001**
Liabilities	
Other payables and accrued liabilities	**120**
Liabilities directly associated with the assets classified as held for sale	**120**
Net assets directly associated with the disposal group	**481,881**

11. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(Continued)*

The land use right of a portion of the above properties held for sale under development with a site area of 24,067 square metres located in the PRC is subject to a freeze order by a court in the PRC for a value equivalent to approximately HK$63 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. Based on external legal opinion, the directors considered that the freeze order does not have a significant impact to the financial statements of the Group.

12. DIVIDEND

	2017 ***HK$'000***	2016 *HK$'000*
Proposed final – 5 HK cents (2016: 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.

13. 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$419,415,000 (2016: HK$309,615,000) and the weighted average number of ordinary shares in issue during the year of 551,368,153 (2016: 551,368,153).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2017 and 2016.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings Hong Kong HK$'000	Leasehold land and buildings Mainland China HK$'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 2017							
At 31 March 2016 and at 1 April 2016:							
Cost	51,800	68,634	15,063	11,161	10,688	22,212	179,558
Accumulated depreciation	(22,332)	(35,187)	(14,905)	(11,095)	(6,112)	(17,939)	(107,570)
Net carrying amount	29,468	33,447	158	66	4,576	4,273	71,988
At 1 April 2016, net of accumulated depreciation	29,468	33,447	158	66	4,576	4,273	71,988
Additions	–	56,734	1,988	–	3,041	1,245	63,008
Acquisition of subsidiaries *(note 33)*	–	–	–	–	–	1,348	1,348
Assets included in a disposal group classified as held for sale *(note 11)*	–	–	–	–	(33)	(10)	(43)
Disposals	–	–	–	–	(428)	(76)	(504)
Depreciation provided during the year	(1,066)	(4,256)	(311)	(43)	(1,578)	(1,256)	(8,510)
Surplus on revaluation	88,538	–	–	–	–	–	88,538
Transfer from investment properties	29,240	–	–	–	–	–	29,240
Transfer to investment properties	(116,940)	–	–	–	–	–	(116,940)
Exchange realignment	–	(1,934)	–	(3)	(122)	(132)	(2,191)
At 31 March 2017, net of accumulated depreciation	**29,240**	**83,991**	**1,835**	**20**	**5,456**	**5,392**	**125,934**
At 31 March 2017:							
Cost	30,440	121,270	11,737	10,380	10,243	19,254	203,324
Accumulated depreciation	(1,200)	(37,279)	(9,902)	(10,360)	(4,787)	(13,862)	(77,390)
Net carrying amount	**29,240**	**83,991**	**1,835**	**20**	**5,456**	**5,392**	**125,934**

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

	Leasehold land and buildings Hong Kong HK$'000	Leasehold land and buildings Mainland China HK$'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 2016							
At 1 April 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
At 1 April 2015, net of accumulated depreciation	30,510	37,312	12,790	136	3,031	6,553	90,332
Additions	–	1,104	–	8	3,438	2,129	6,679
Disposals	–	–	(8,841)	–	(248)	(2,313)	(11,402)
Depreciation provided during the year	(1,042)	(3,397)	(3,336)	(72)	(1,546)	(1,950)	(11,343)
Exchange realignment	–	(1,572)	(455)	(6)	(99)	(146)	(2,278)
At 31 March 2016, net of accumulated depreciation	29,468	33,447	158	66	4,576	4,273	71,988
At 31 March 2016:							
Cost	51,800	68,634	15,063	11,161	10,688	22,212	179,558
Accumulated depreciation	(22,332)	(35,187)	(14,905)	(11,095)	(6,112)	(17,939)	(107,570)
Net carrying amount	29,468	33,447	158	66	4,576	4,273	71,988

The net carrying amount of the Group's fixed assets held under a finance lease included in the total amount of motor vehicles at 31 March 2017 was HK$419,000 (2016: HK$699,000).

At 31 March 2017, certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK$84,941,000 (2016: HK$29,468,000) were pledged to secure general banking facilities granted to the Group as detailed in note 28(a)(vi).

15. PREPAID LAND LEASE PAYMENTS

	2017	2016
	HK$'000	*HK$'000*
At beginning of year	**9,792**	11,589
Recognised during the year	**(1,174)**	(1,240)
Exchange realignment	**(575)**	(557)
At end of year	**8,043**	9,792
Current portion	**(1,174)**	(1,240)
Non-current portion	**6,869**	8,552

16. INVESTMENT PROPERTIES

	2017			
	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 2016	**5,826,563**	**5,336,145**	**702,270**	**11,864,978**
Additions	**1,933**	**297,796**	**14,596**	**314,325**
Acquisition of subsidiaries	**227,683**	**–**	**–**	**227,683**
Disposals	**(61,078)**	**–**	**–**	**(61,078)**
Transfer	**497,223**	**(497,223)**	**–**	**–**
Net gains from fair value adjustments	**113,373**	**549,619**	**–**	**662,992**
Transfer from owner-occupied property	**116,940**	**–**	**–**	**116,940**
Transfer to owner-occupied property	**(29,240)**	**–**	**–**	**(29,240)**
Exchange realignment	**(219,750)**	**(277,246)**	**–**	**(496,996)**
At 31 March 2017	**6,473,647**	**5,409,091**	**716,866**	**12,599,604**

16. INVESTMENT PROPERTIES *(Continued)*

	2016			
	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 2015	4,733,340	5,590,000	689,721	11,013,061
Additions	5,802	495,262	12,549	513,613
Transfer	1,271,084	(1,271,084)	–	–
Net gains/(losses) from fair value adjustments	(107,759)	724,015	–	616,256
Exchange realignment	(75,904)	(202,048)	–	(277,952)
At 31 March 2016	5,826,563	5,336,145	702,270	11,864,978

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 2017 based on valuations performed by Savills Valuation and Professional Services Limited and AA Property Services Limited, independent professionally qualified valuers, at an aggregate value of HK$11,882,738. 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.

16. INVESTMENT PROPERTIES *(Continued)*

Certain completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 38(a) to the financial statements.

Investment properties under construction included interest expense of HK$83,664,000 (2016: HK$78,590,000) that was incurred and capitalised during the year.

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

At 31 March 2017, the Group's investment properties with an aggregate carrying value of HK$12,593,004,000 (2016: HK$11,820,778,000) were pledged to secure the banking facilities granted to the Group as detailed in note 28(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 28(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 2017, the carrying amount of such portion was HK$96,591,000 (2016: HK$101,205,000).

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 144 to 148.

16. 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 2017 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	**–**	**–**	**11,882,738**	**11,882,738**

	Fair value measurement as at 31 March 2016 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	–	–	11,162,708	11,162,708

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 (2016: Nil).

16. 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 2015	10,323,340
Additions	501,064
Net gains from fair value adjustments	616,256
Exchange realignment	(277,952)
Carrying amount at 31 March 2016 and 1 April 2016	**11,162,708**
Additions	**299,729**
Acquisition of subsidiaries	**227,683**
Disposals	**(61,078)**
Net gains from fair value adjustments	**662,992**
Transfer from owner-occupied property	**116,940**
Transfer to owner-occupied property	**(29,240)**
Exchange realignment	**(496,996)**
Carrying amount at 31 March 2017	**11,882,738**

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			**2017**	2016
Completed	Income capitalisation approach	Estimated rental value		
		per sq.ft. and per month (HK$)	**23 to 155**	21 to 153
		per sq.m. and per month (RMB)	**52 to 417**	60 to 400
		Capitalisation rate	**3.1% to 6.5%**	3.1% to 6.5%
	Direct comparison approach	Unit price (HK$/unit)	**1,100,000 to 2,300,000**	790,000 to 1,950,000
		Unit price (RMB/unit)	**80,000 to 460,000**	80,000 to 440,000
		Price per sq.ft. (HK$)	**5,684 to 11,600**	5,476 to 11,000
	Discounted cash flow approach	Room tariff (RMB)	**460**	460
		Occupancy rate	**70%**	72%
		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	**4.35%**	4.35%
		Estimated cost to completion per sq.m. (RMB)	**1,310**	1,586
		Developer's profit margin	**3%**	7%

16. 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.

16. 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 room tariff, the occupancy rate, the terminal capitalisation rate, the discount rate, the interest rate, the estimated cost to completion, the developer's profit margin and the stabilised growth rate, which a significant increase/decrease in the room tariff, the occupancy rate, developer's profit margin and the growth rate in isolation would result in a significant increase/decrease in the fair value of the investment properties. A significant increase/decrease in the terminal capitalisation rate, the discount rate, the interest rate and the estimated cost of completion in isolation would result in a significant decrease/increase in the fair value of the investment properties.

17. GOODWILL

	HK$'000
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017:	
Cost	**2,463**
Accumulated impairment	**(2,463)**
Net carrying amount	**–**

18. INVESTMENT IN A JOINT VENTURE

	2017	2016
	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	34.05	34.05	34.05	Dormant

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

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

	2017	2016
	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	**–**	–
Carrying amount of the Group's investment in the joint venture	**199**	199

19. INVESTMENTS IN ASSOCIATES/DUE TO AN ASSOCIATE

	2017	2016
	HK$'000	*HK$'000*
Goodwill on acquisition	**18,374**	18,374
Share of net assets	**653,206**	609,628
	671,580	628,002
Due to an associate	**31,740**	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	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 terms of repayment.

19. 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:

	2017	2016
	HK$'000	*HK$'000*
Share of the associates' profit for the year	**60,489**	48,982
Share of the associates' other comprehensive loss	**(8,256)**	(5,765)
Share of the associates' total comprehensive income	**52,233**	43,217
Aggregate carrying amount of the Group's investments in the associates	**671,580**	628,002

20. INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Raw materials	**1,385**	1,140
Work in progress	**1,292**	3,547
	2,677	4,687

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

	2017	2016
	HK$'000	*HK$'000*
Completed properties held for sale	**836,845**	1,244,366
Properties held for sale under development	**1,386,960**	1,821,584
	2,223,805	3,065,950

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

	2017	2016
	HK$'000	*HK$'000*
Properties held for sale under development		
– expected to be recovered:		
Within one year	**610,545**	604,403
After one year	**426,195**	364,193
– pending construction expected to be recovered after one year	**350,220**	852,988
	1,386,960	1,821,584

Properties held for sale under development and completed properties held for sale included interest expense of HK$15,590,000 (2016: HK$28,498,000) 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$114,837,000 (2016: HK$488,934,000) at the end of the reporting period were pledged to secure the banking facilities granted to the Group as detailed in note 28(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$456,776,000 (2016: HK$319,018,000) 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 from the financial year 2012/13.

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 144 to 148.

22. TRADE AND BILLS RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade and bills receivables	**31,504**	25,298
Impairment	**(2,933)**	(788)
	28,571	24,510

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.

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:

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**6,471**	5,082
31 to 60 days	**3,452**	2,153
61 to 90 days	**1,487**	2,269
Over 90 days	**17,161**	15,006
	28,571	24,510

22. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2017	2016
	HK$'000	*HK$'000*
At beginning of year	**788**	723
Impairment losses recognised *(note 7)*	**2,861**	73
Amount written off as uncollectible	**(716)**	(8)
At end of year	**2,933**	788

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$2,933,000 (2016: HK$788,000) with a carrying amount before provision of HK$2,933,000 (2016: HK$788,000). The individually impaired trade receivables relate to customers that were in financial difficulties and the receivables are not expected to be recovered.

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

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**6,289**	5,293
Less than 30 days past due	**2,161**	3,309
30 to 90 days past due	**2,986**	2,760
Over 90 days past due	**17,135**	13,148
	28,571	24,510

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.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Prepayments	**127,878**	148,203
Deposits	**8,306**	14,222
Other receivables	**67,316**	51,657
Impairment	**(10,524)**	(10,579)
	192,976	203,503

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

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

	2017	2016
	HK$'000	*HK$'000*
At beginning of year	**10,579**	10,579
Amount written off as uncollectible	**(55)**	–
At end of year	**10,524**	10,579

Included in the above provision for impairment of other receivables is a provision for impaired other receivables of HK$10,524,000 (2016: HK$10,579,000) with a carrying amount before provision of HK$10,524,000 (2016: HK$10,579,000) whose receivable was considered by the directors to be irrecoverable. 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.

24. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	HK$'000	*HK$'000*
Listed equity investments at market value	**799**	871

The above equity investments at 31 March 2017 and 2016 were classified as held for trading.

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

25. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	2017	2016
	HK$'000	*HK$'000*
Cash and bank balances	**2,070,768**	1,674,493
Time deposits	**346,425**	197,794
	2,417,193	1,872,287
Less: Pledged time deposits pledged for short term bank loans *(note 28(a)(v))*	**–**	(142,207)
	2,417,193	1,730,080

Included in cash and bank balances are restricted bank deposits of HK$750,470,000 (2016: HK$623,039,000) 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$1,840,723,000 (2016: HK$1,404,481,000). 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.

26. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$28,088,000 (2016: HK$73,932,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**26,944**	71,330
31 to 60 days	**402**	1,979
61 to 90 days	**21**	401
Over 90 days	**721**	222
	28,088	73,932

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

27. OBLIGATION UNDER A FINANCE LEASE

The Group leases a motor vehicle for its garment business. The lease is classified as a finance lease and has remaining lease term of two years.

At 31 March 2017, the total future minimum lease payments under the finance lease and their present values are as follows:

	Minimum lease payments 2017	Minimum lease payments 2016	**Present value of minimum lease payments 2017**	Present value of minimum lease payments 2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable:				
Within one year	**162**	162	**157**	153
In the second year	**81**	162	**81**	157
In the third year	**–**	81	**–**	81
Total minimum finance lease payments	**243**	405	**238**	391
Future finance charges	**(5)**	(14)		
Total net finance lease payables	**238**	391		
Portion classified as current liabilities	**(157)**	(153)		
Non-current portion	**81**	238		

28. INTEREST-BEARING BANK BORROWINGS

	31 March 2017			31 March 2016		
	Effective annual interest rate (%)	**Maturity**	***HK$'000***	Effective annual interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – unsecured	**2.8-4.2**	**2017-2018 or on demand**	**328,950**	2.8-4.4	2016-2017 or on demand	162,000
Bank loans – secured	**1.7-5.8**	**2017-2018 or on demand**	**1,586,458**	1.5-6.2	2016-2017 or on demand	3,168,804
			1,915,408			3,330,804
Non-current						
Bank loans – unsecured	**2.7-4.2**	**2018-2020**	**1,252,375**	4.0-4.4	2017-2019	1,115,000
Bank loans – secured	**2.3-5.8**	**2018-2026**	**2,996,324**	2.0-5.8	2017-2024	2,005,285
			4,248,699			3,120,285
			6,164,107			6,451,089

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

	2017	2016
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,915,408**	3,330,804
In the second year	**2,815,455**	1,444,408
In the third to fifth years, inclusive	**1,381,749**	1,659,432
Beyond five years	**51,495**	16,445
	6,164,107	6,451,089

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$12,593,004,000 (2016: HK$11,820,778,000);

(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$114,837,000 (2016: HK$488,934,000);

(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 Nil (2016: HK$142,207,000); 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$84,941,000 (2016: HK$29,468,000).

(b) Except for certain bank loans denominated in RMB equivalent to HK$1,373,698,000 (2016: HK$1,553,861,000), all bank borrowings at the end of the reporting period were denominated in Hong Kong dollars.

As further explained in note 43 to the financial statements, the Group's interest-bearing bank borrowings in the amount of HK$198,250,000 (2016: HK$163,005,000) containing a repayment on demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

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

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are: HK$1,749,158,000 (2016: HK$3,167,799,000) within one year or on demand; HK$2,828,455,000 (2016: HK$1,459,413,000) in the second year; HK$1,438,999,000 (2016: HK$1,697,432,000) in the third to fifth years, inclusive; and HK$147,495,000 (2016: HK$126,445,000) 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.

29. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation	Revaluation of investment properties	Tax losses	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	(10,752)	(1,080,619)	577	(3,289)	(1,094,083)
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	(3,652)	(193,470)	–	–	(197,122)
Exchange realignment	–	44,468	–	–	44,468
Net deferred tax liabilities at 31 March 2016	(14,404)	(1,229,621)	577	(3,289)	(1,246,737)
At 1 April 2016	(14,404)	(1,229,621)	577	(3,289)	(1,246,737)
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	(1,888)	(123,877)	–	–	(125,765)
Acquisition of assets through acquisition of subsidiaries *(note 33)*	–	(26,562)	–	–	(26,562)
Exchange realignment	–	70,388	–	–	70,388
Net deferred tax liabilities at 31 March 2017	**(16,292)**	**(1,309,672)**	**577**	**(3,289)**	**(1,328,676)**

29. DEFERRED TAX *(Continued)*

At the end of the reporting period, the Group had unrecognised deductible temporary differences of HK$948,000 (2016: HK$743,000) and unrecognised tax losses arising in Hong Kong of HK$1,398,589,000 (2016: HK$1,335,710,000) and in Mainland China of HK$105,905,000 (2016: HK$106,949,000). 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 tax 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 2017, 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$896,029,000 at 31 March 2017 (2016: HK$492,782,000).

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

30. SHARE CAPITAL

	2017	2016
	HK$'000	*HK$'000*
Issued and fully paid:		
551,368,153 (2016: 551,368,153) ordinary shares	**405,411**	405,411

31. 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.

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

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

	2017	2016
Percentage of equity interest held by non-controlling interests:		
Hon Kwok	**31.91%**	31.91%

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

	2017	2016
	HK$'000	*HK$'000*
Profit for the year allocated to non-controlling interests:		
Hon Kwok	**302,563**	212,358
Dividends paid to non-controlling interests of Hon Kwok	**28,740**	28,740
Accumulated balances of non-controlling interests at the reporting date:		
Hon Kwok	**2,908,075**	2,800,678

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

	2017	2016
	HK$'000	*HK$'000*
Revenue	**1,574,444**	1,569,505
Total expenses	**(1,537,724)**	(1,677,378)
Other income	**18,066**	13,435
Fair value gains on investment properties, net	**645,452**	616,316
Gain on disposal of a subsidiary	**–**	7,360
Gain on disposal of investment properties, net	**541**	–
Profit for the year	**700,779**	529,238
Total comprehensive income for the year	**213,998**	245,347
Current assets	**5,185,665**	5,136,204
Non-current assets	**12,900,132**	12,223,223
Current liabilities	**(4,757,207)**	(5,069,109)
Non-current liabilities	**(5,084,718)**	(4,170,390)
Net cash flows from operating activities	**1,545,585**	1,202,230
Net cash flows used in investing activities	**(507,497)**	(267,763)
Net cash flows from/(used in) financing activities	**(678,653)**	188,800
Net increase in cash and cash equivalents	**359,435**	1,123,267

33. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

On 9 May 2016, an indirect wholly-owned subsidiary of Hon Kwok acquired 100% equity interests and the assignment of related shareholders' loan of HK$9,360,000 of Right Colour Limited ("Right Colour") and Network Success Limited ("Network Success") from a related party and an independent third party, respectively, at a total consideration of HK$137,590,000.

Right Colour and Network Success are investment holding companies incorporated in the British Virgin Islands. They hold 100% equity interest in Right Cheer Limited ("Right Cheer"), which directly holds the entire equity interest of Guangzhou Jian Zhao Land Investment Co., Ltd. ("Jian Zhao"). The principal asset of Jian Zhao is a completed 15-storey commercial and office building situated in Guangzhou.

The above transactions were accounted for as purchase of assets and liabilities rather than as business combination because the acquired entities and assets did not constitute the carrying on of a business. The net outflow of cash and cash equivalents from the acquisitions has been reflected in the consolidated statement of cash flows as part of the cash flow movement of the individual assets and liabilities acquired.

The net assets acquired in the above acquisitions are as follows:

	Notes	2017 HK$'000
Property, plant and equipment	14	1,348
Investment property	16	227,683
Prepayments, deposits and other receivables		4,480
Cash and bank balances		1,135
Due to shareholders		(9,360)
Trade payables and accrued liabilities		(4,092)
Interest-bearing bank borrowings		(56,438)
Deferred tax liabilities	29	(26,562)
		138,194
Assignment of shareholders' loan		9,360
		147,554
Satisfied by:		
Cash		137,590
Tax provision		9,964
		147,554

33. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	2017
	HK$'000
Cash consideration	**(137,590)**
Cash and bank balances acquired	**1,135**
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	**(136,455)**

34. DISPOSAL OF A SUBSIDIARY

	2016
	HK$'000
Net assets disposed of:	
Properties held for sale	3,100
Due to the immediate holding company	(1,845)
	1,255
Assignment of a shareholder's loan	1,845
Tax provision	2,982
Gain on disposal of a subsidiary *(note 7)*	7,360
	13,442
Satisfied by:	
Cash	13,442

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2016
	HK$'000
Cash consideration	13,442
Cash and bank balances disposed of	–
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	13,442

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

(a) In the prior year, certain additions of properties held for sale under development and completed properties held for sale of HK$426,065,000 were not paid at the end of the reporting period and were recorded as accrued liabilities.

(b) In the prior year, the Group entered into a finance lease arrangement in respect of property, plant and equipment with a total capital value at the inception of the lease of HK$769,000.

36. CONTINGENT LIABILITIES

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

	2017	2016
	HK$'000	*HK$'000*
Guarantee given to a bank in connection with the facility granted to an associate	**36,000**	40,000

As at 31 March 2017, the banking facility guaranteed by the Group to an associate was utilised to the extent of HK$36,000,000 (2016: HK$40,000,000).

(b) As at 31 March 2017, the Group has given guarantees of HK$2,145,000,000 (2016: HK$1,119,000,000) 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 2017 and 2016 for the guarantees.

37. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 28 to the financial statements.

38. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16 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 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**109,039**	136,048
In the second to fifth years, inclusive	**182,977**	209,867
After five years	**279,333**	321,538
	571,349	667,453

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 28(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 five years.

At 31 March 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**17,754**	22,629
In the second to fifth years, inclusive	**3,722**	20,321
	21,476	42,950

39. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 38(b) above, the Group had the following capital commitments at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property development expenditure	**298,529**	202,650

40. RELATED PARTY TRANSACTIONS

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

		2017	2016
	Notes	***HK$'000***	*HK$'000*
Management fee income received from an associate	*(i)*	**4,500**	7,500
Purchase of a property from a related company	*(ii)*	**68,795**	–

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) On 9 May 2016, True Light Enterprises Limited ("True Light"), an indirect wholly-owned subsidiary of Hon Kwok entered into a sale and purchase agreement with Rich Fate Limited ("Rich Fate"), pursuant to which True Light conditionally agreed to acquire and Rich Fate conditionally agreed to sell the entire issued share capital of Right Colour and the assignment of a related shareholder's loan to True Light for an aggregate cash consideration of HK$68,795,000, net of PRC tax which Rich Fate was required to pay in connection with the sale of the entire issued share capital of Right Colour. Right Colour indirectly holds 50% interest in an investment property in Guangzhou, PRC. As Rich Fate was beneficially owned by James Sai-Wing Wong, Chairman and substantial shareholder of Hon Kwok and the Company, the related transaction constituted a connected transaction of Hon Kwok and the Company under the Listing Rules and the approval of the independent shareholders had been obtained at the respective extraordinary general meetings held on 6 July 2016. The above transaction was completed on 12 July 2016.

40. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balance with a related party

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 19 to the financial statements.

(c) Compensation of key management personnel of the Group

	2017	2016
	HK$'000	*HK$'000*
Short term employee benefits	**37,702**	31,897
Post-employment benefits	**221**	208
	37,923	32,105

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

(d) Connected transactions

On 20 September 2016, the Company, Hon Kwok, Chinney Alliance and Chinney Kin Wing jointly announced that a wholly-owned subsidiary of Hon Kwok conditionally agreed to engage and a wholly-owned subsidiary of Chinney Kin Wing conditionally agreed to carry out foundation construction works on the vacant site at K.C.T.L 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong for a contract sum of HK$210,000,000. James Sai-Wing Wong is the controlling shareholder of each of the Company, Hon Kwok, Chinney Alliance and Chinney Kin Wing and thus, the above companies are connected persons to one another under the Listing Rules. The related transactions constituted a connected transaction of each of the above companies under the Listing Rules and the approval of the respective independent shareholders had been obtained at the respective extraordinary general/special meetings held on 7 November 2016.

41. FINANCIAL INSTRUMENTS BY CATEGORY

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

2017

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	799	–	799
Trade and bills receivables	–	28,571	28,571
Financial assets included in prepayments, deposits and other receivables	–	65,089	65,089
Cash and bank balances	–	2,417,193	2,417,193
	799	2,510,853	2,511,652

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in trade payables and accrued liabilities	637,482
Financial liabilities included in customer deposits	25,060
Due to an associate	31,740
Obligation under a finance lease	238
Interest-bearing bank borrowings	6,164,107
	6,858,627

41. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2016

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	871	–	871
Trade and bills receivables	–	24,510	24,510
Financial assets included in prepayments, deposits and other receivables	–	55,300	55,300
Pledged deposits	–	142,207	142,207
Cash and bank balances	–	1,730,080	1,730,080
	871	1,952,097	1,952,968

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in trade payables and accrued liabilities	544,254
Financial liabilities included in customer deposits	23,728
Due to an associate	37,490
Obligation under a finance lease	391
Interest-bearing bank borrowings	6,451,089
	7,056,952

42. 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 amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Equity investments at fair value through profit or loss	**799**	871	**799**	871
Financial liabilities				
Obligation under a finance lease	**238**	391	**238**	391
Interest-bearing bank borrowings	**6,164,107**	6,451,089	**6,164,107**	6,451,089

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 an obligation under a finance lease, and a balance with an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the non-current portion of interest-bearing bank borrowings and an obligation under a finance lease have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings and an obligation under a finance lease as at 31 March 2017 was assessed to be insignificant.

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

42. 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 2017	**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	**799**	**–**	**–**	**799**

As at 31 March 2016	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	871	–	–	871

The Group did not have any financial liabilities measured at fair value as at 31 March 2017 and 31 March 2016. As at 31 March 2017, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings (non-current portion) of HK$4,248,699,000 (2016: HK$3,120,285,000) and an obligation under a finance lease (non-current portion) of HK$81,000 (2016: HK$238,000). 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 (2016: Nil).

43. 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*
2017		
If Hong Kong dollar weakens against RMB	**5**	**(221)**
If Hong Kong dollar strengthens against RMB	**5**	**221**
2016		
If Hong Kong dollar weakens against RMB	5	(4,240)
If Hong Kong dollar strengthens against RMB	5	4,240

43. 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 24) as at 31 March 2017. 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*
2017			
Investments listed in:			
Hong Kong – held-for-trading	**799**	**80**	**–**
2016			
Investments listed in:			
Hong Kong – held-for-trading	871	87	–

* *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 28 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.

43. 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$18,527,000 (2016: HK$19,701,000).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity *HK$'000*
2017		
Hong Kong dollar	**100**	**(22,859)**
RMB	**50**	**(1,235)**
Hong Kong dollar	**(100)**	**22,859**
RMB	**(50)**	**1,235**
2016		
Hong Kong dollar	100	(22,963)
RMB	50	(2,397)
Hong Kong dollar	(100)	22,963
RMB	(50)	2,397

43. 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 22 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. 31% (2016: 52%) of the Group's debts, which comprise interest-bearing bank borrowings and an obligation under a finance lease, would mature in less than one year as at 31 March 2017 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, 28% (2016: 49%) of the Group's debts would mature in less than one year.

43. 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:

			2017		
	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	**4,991**	**632,491**	**–**	**–**	**637,482**
Financial liabilities included in customer deposits	**25,060**	**–**	**–**	**–**	**25,060**
Due to an associate	**31,740**	**–**	**–**	**–**	**31,740**
Obligation under a finance lease	**–**	**162**	**81**	**–**	**243**
Interest-bearing bank borrowings	**372,255**	**1,722,501**	**2,908,842**	**1,511,365**	**6,514,963**
Guarantee given to a bank in connection with the facility granted to an associate	**36,000**	**–**	**–**	**–**	**36,000**
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	**2,145,000**	**–**	**–**	**–**	**2,145,000**
	2,615,046	**2,355,154**	**2,908,923**	**1,511,365**	**9,390,488**

			2016		
	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	4,905	539,349	–	–	544,254
Financial liabilities included in customer deposits	23,728	–	–	–	23,728
Due to an associate	37,490	–	–	–	37,490
Obligation under a finance lease	–	162	162	81	405
Interest-bearing bank borrowings	721,178	2,797,842	1,543,891	1,757,962	6,820,873
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	1,119,000	–	–	–	1,119,000
	1,946,301	3,337,353	1,544,053	1,758,043	8,585,750

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

Liquidity risk *(Continued)*

In respect of interest-bearing bank borrowings of HK$373,650,000 (2016: HK$721,178,000), 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 2017 for the interest-bearing bank borrowings in respect of the Group are, HK$1,935,703,000 (2016: HK$3,363,749,000) within one year, HK$2,924,725,000 (2016: HK$1,561,629,000) in the second year and HK$1,676,796,000 (2016: HK$1,919,087,000) 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 2017 and 2016.

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

Capital management *(Continued)*

The Group monitors capital using a gearing ratio, which is net interest-bearing debt divided by the equity attributable to owners of the Company plus non-controlling interests. Net interest-bearing debt includes interest-bearing bank borrowings and an obligation under a finance lease less cash and bank balances and pledged deposits. The gearing ratios as at the end of the reporting periods were as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Interest-bearing bank borrowings	**6,164,107**	6,451,089
Obligation under a finance lease	**238**	391
Less: Cash and bank balances and pledged deposits	**(2,417,193)**	(1,872,287)
Net interest-bearing debt	**3,747,152**	4,579,193
Equity attributable to owners of the Company	**5,225,044**	5,066,095
Non-controlling interests	**2,908,075**	2,800,678
Equity attributable to owners of the Company and non-controlling interests	**8,133,119**	7,866,773
Gearing ratio	**46%**	58%

44. 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:

	2017	2016
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**4**	6
Investments in subsidiaries	**1,522,819**	1,522,819
Total non-current assets	**1,522,823**	1,522,825
CURRENT ASSETS		
Prepayments, deposits and other receivables	**130**	298
Due from subsidiaries	**246,028**	81,417
Cash and bank balances	**12,572**	18,853
Total current assets	**258,730**	100,568
CURRENT LIABILITIES		
Trade payables and accrued liabilities	**6,024**	5,917
Due to a subsidiary	**195,000**	75,000
Interest-bearing bank borrowings	**50,000**	280,000
Total current liabilities	**251,024**	360,917
NET CURRENT ASSETS/(LIABILITIES)	**7,706**	(260,349)
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,530,529**	1,262,476
NON-CURRENT LIABILITY		
Due to a subsidiary	**439,110**	177,082
Net assets	**1,091,419**	1,085,394

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

	2017	2016
	HK$'000	*HK$'000*
EQUITY		
Share capital	**405,411**	405,411
Retained profits *(note)*	**686,008**	679,983
Total equity	**1,091,419**	1,085,394

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

Note:

A summary of the Company's retained profits is as follows:

	Retained profits
	HK$'000
Balance at 1 April 2015	655,448
Total comprehensive income for the year	52,103
Final 2015 dividend paid	(27,568)
At 31 March 2016 and 1 April 2016	679,983
Total comprehensive income for the year	33,593
Final 2016 dividend paid	(27,568)
At 31 March 2017	**686,008**

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 June 2017.

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				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
REVENUE	**1,652,964**	1,655,688	462,905	496,323	363,330
Profit before tax	**1,023,726**	892,008	2,531,417	626,998	443,322
Tax charge	**(301,748)**	(370,035)	(649,439)	(187,902)	(25,078)
PROFIT FOR THE YEAR	**721,978**	521,973	1,881,978	439,096	418,244
Attributable to:					
Owners of the Company	**419,415**	309,615	1,283,791	256,490	242,540
Non-controlling interests	**302,563**	212,358	598,187	182,606	175,704
	721,978	521,973	1,881,978	439,096	418,244

	As at 31 March				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**18,753,609**	17,763,663	15,890,985	11,561,255	9,683,019
TOTAL LIABILITIES	**(10,620,490)**	(9,896,890)	(8,241,955)	(5,721,572)	(4,261,128)
NET ASSETS	**8,133,119**	7,866,773	7,649,030	5,839,683	5,421,891
NON-CONTROLLING INTERESTS	**(2,908,075)**	(2,800,678)	(2,713,294)	(2,158,883)	(2,435,047)
SHAREHOLDERS' FUNDS	**5,225,044**	5,066,095	4,935,736	3,680,800	2,986,844

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 29 June 2017)	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 2 town houses of ~57,000 sq.m. – Finishing works in progress	2017 to 2018	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.)	Phase 4 of ~63,500 sq.m. – Internal finishing works in progress	2017	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.)	Foundation works to be commenced	–	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.)	Foundation works to be commenced	–	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.)	Completion works in progress	2017	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	Gross floor area	Development progress (up to 29 June 2017)	Estimated completion date	Attributable interest of the Group
		(sq.m./sq.ft.)	*(sq.m./sq.ft.)*			*(%)*
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.)	Finishing works in progress	2017 to 2018	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.	Foundation works in progress	–	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	Car parking spaces	Attributable interest of the Group
			(sq.m./sq.ft.)		*(%)*
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 & 3 (寶翠園一、二及三期) Tian He District Guangzhou Guangdong Province	Commercial	5 ground floor shops	257 sq.m. (2,765 sq.ft.)	1,596	40.85

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

GROUP II – COMPLETED PROPERTIES *(Continued)*

Location	Use	Remaining unsold units	Gross floor area *(sq.m./sq.ft.)*	Car parking spaces	Attributable interest of the Group *(%)*
MAINLAND CHINA					
12. Metropolitan Oasis Phase 1 (雅瑤綠洲第一期) Da Li District Nanhai Guangdong Province	Low density residential	11 apartment units	1,565 sq.m. (16,839 sq.ft.)	871	68.09

GROUP III – PROPERTIES HELD FOR INVESTMENT

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartment/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
MAINLAND CHINA					
13. City Square (城市天地廣場)/ The Bauhinia Hotel (Shenzhen) (寶軒酒店(深圳)) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	5-storey of commercial podium comprising hotel and commercial	20,308 sq.m. (218,514 sq.ft.)	162 hotel rooms	Medium term lease	68.09
14. City Suites (寶軒公寓) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	Serviced apartments	3,692 sq.m. (39,725 sq.ft.)	64 apartment units	Medium term lease	68.09
15. Chongqing Hon Kwok Centre (重慶漢國中心) Lot no. B-01-03 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office	107,802 sq.m. (1,159,949 sq.ft.)	–	Medium term lease	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 *(%)*
MAINLAND CHINA					
16. Chongqing Jinshan Shangye Zhongxin (重慶金山商業中心) 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 (under renovation)	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. Jie Fang Building (解放大廈) 151 Jiefang Road South Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	11,507 sq.m. (123,815 sq.ft.)	–	Medium term lease	68.09
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

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					
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	22,572 sq.ft.	1 unit	Medium term lease	100

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

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, 3rd Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 25 August 2017 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 auditor's report for the year ended 31 March 2017.

2. To declare a final dividend for the year ended 31 March 2017.

3. To report the retirement of directors and to authorise the directors to fix the directors' remuneration.

4. To re-appoint auditor and to authorise the directors to fix the auditor's 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, 27 July 2017

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 with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, 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.