Hon Kwok Land Investment Company, Limited

Stock Code: 160

Annual Report 2018/19

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CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong *(Chairman)*
James Sing-Wai Wong
Xiao-Ping Li
Philip Bing-Lun Lam
Daniel Chi-Wai Tse*
Zuo Xiang*
Janie Fong*

* *Independent non-executive directors*

AUDIT COMMITTEE

Zuo Xiang *(Chairman)*
Daniel Chi-Wai Tse
Janie Fong

REMUNERATION COMMITTEE

Daniel Chi-Wai Tse *(Chairman)*
Philip Bing-Lun Lam
Janie Fong

COMPANY SECRETARY

Ka-Yee Wan

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

AUDITOR

Ernst & Young

REGISTRAR

Tricor Tengis Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

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

Tel : (852) 2523 7177
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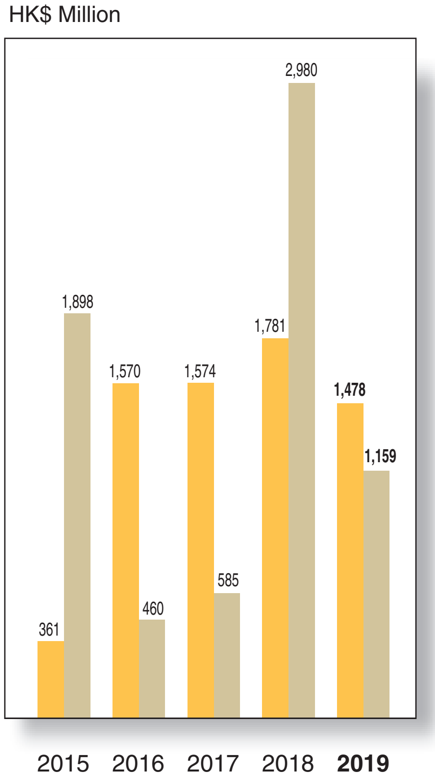
STOCK CODE

SEHK 160

WEBSITE

http://www.honkwok.com.hk

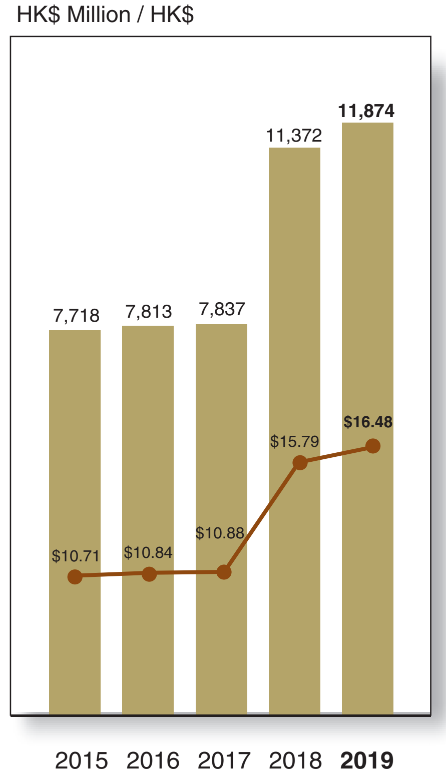
Revenue/Net Profit



Revenue

Net profit attributable to shareholders

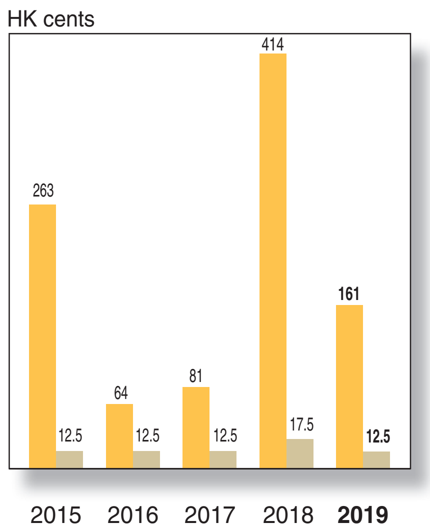
Shareholders' Funds/Net Assets per Share



Shareholders' funds

Net assets per share (HK$)

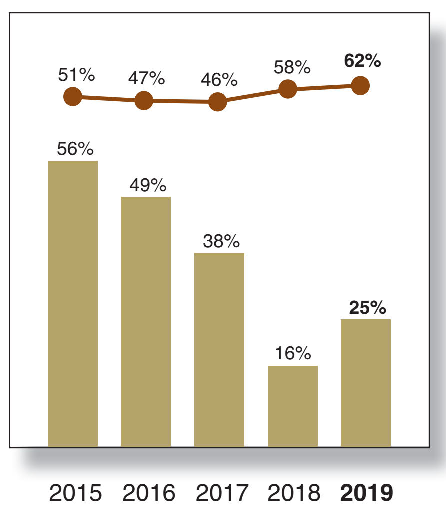
Earnings/Dividend per Share



Earnings per share

Dividend per share

Gearing/Equity Funding



Gearing ratio (*)

% of total assets financed by equity

(*) Representing ratio of "bank borrowings – 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 Metropolitan Oasis 雅瑤綠洲, Nanhai (not shown above)
5 Hon Kwok City Commercial Centre 漢國城市商業中心
6 Enterprise Square 僑城坊

Completed Projects

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

Hotel/Serviced Apartments

12 City Suites 寶軒公寓, held as investment property
13 The Bauhinia Hotel (Shenzhen) 寶軒酒店 (深圳), held as investment property

Acquired Property

14 Ganghui Dasha 港滙大廈, held as investment property

Disposed Properties

15 Dong Guan Zhuan 東莞莊 project
16 Jie Fang Building 解放大廈

FINANCIAL RESULTS

Despite ongoing geopolitical tensions and market uncertainties, the Group achieved solid returns. Our consolidated revenue was HK$1,478 million (2018: HK$1,781 million) and net profit attributable to shareholders was HK$1,159 million (2018: HK$2,980 million), including an increase in fair value of investment properties net of deferred tax charges of HK$707 million (2018: HK$233 million). The decrease in revenue reflects the expected reduction in property sales attributable to two of the Group's development projects in Mainland China, namely The Botanica in Guangzhou at its completion stage and Metropolitan Oasis in Nanhai at the beginning of its phase 3 construction. The decrease in profit was mainly due to the recognition of gain on disposal of a bare site in Guangzhou amounting to HK$2.4 billion in the prior year which was non-recurring in nature. Basic earnings per share was HK$1.61 (2018: HK$4.14).

As at 31 March 2019, shareholders' equity amounted to HK$11,874 million (as at 31 March 2018: HK$11,372 million) and net assets per share attributable to shareholders was HK$16.48 (as at 31 March 2018: HK$15.79). The increase in shareholder's equity at year end was partly set off by the translation difference caused by the depreciation of Renminbi against Hong Kong Dollars during the year.

DIVIDEND

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2019 (2018: final dividend of 12.5 Hong Kong cents and a special dividend of 5.0 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 6 September 2019. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 23 September 2019.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 29 August 2019. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 26 August 2019 to 29 August 2019 (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 (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) not later than 4:30 p.m. on 23 August 2019.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2019 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 5 September 2019 to 6 September 2019, 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 2 September 2019. 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 (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) not later than 4:30 p.m. on 4 September 2019.

BUSINESS REVIEW

Property Development and Investment – Mainland China

Guangzhou, PRC

The Botanica project – full view

The Botanica 寶翠園, situated in the greenery zone of Tian He District near the Botanical Garden, comprises 39 blocks of high-rise residential buildings. This project, with a total gross floor area of approximately 229,000 sq.m., was developed in four phases. The final phase of the development was completed in December 2016 with all residential units already sold out in prior years. For the year ended 31 March 2019, the Group booked revenue of HK$1,035 million (2018: HK$1,129 million) from the units delivered during the year. As at 31 March 2019, property sales contracted but revenue not yet booked amounted to RMB120 million.

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. The average occupancy rate of the building was about 95%.

The development site at **45-107 Beijing Nan Road**, Yue Xiu District, adjacent to a pedestrian street and ultimately terminating at the Pearl River, will be developed into a 30-storey residential building and a 32-storey commercial/office building. Foundation works for the project commenced in the first quarter of this year.

BUSINESS REVIEW *(Continued)*

Property Development and Investment – Mainland China *(Continued)*

Nanhai, Foshan, PRC

Metropolitan Oasis 雅瑤綠洲, situated in Da Li District, Nanhai with a total gross floor area of approximately 273,000 sq.m., was developed in phases. For the year ended 31 March 2019, the Group recorded revenue of HK$189 million (2018: HK$439 million) from the units of phase 1 & 2 delivered during the year. Phase 3 of the project, comprising 19 blocks of high rise apartments of approximately 550 units, is scheduled for completion in 2020. Some units in Phase 3 were launched to the market for pre-sale and achieved contract revenue of RMB514 million up to the date of this record.

Metropolitan Oasis project – full view

Shenzhen, PRC

Hon Kwok City Commercial Centre

Hon Kwok City Commercial Centre 漢國城市商業中心, the Group's investment property, with a total gross floor area of approximately 128,000 sq.m., is situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Futian District of Shenzhen. Our signature landmark is a 75-storey high commercial/office tower above ground with a 5-level basement, offering Grade A office and retail space. Construction works were completed with the issue of the property ownership certificate during the year. Leasing of office/commercial space is in progress and tenants are expected to move in during the coming months.

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 located on the upper three floors of the above podium, maintained occupancy and room rates at a satisfactory level. The average occupancy rate of **City Suites** 寶軒公寓, a 64-unit serviced apartment on top of the podium was approximately 90%.

BUSINESS REVIEW *(Continued)*

Property Development and Investment – Mainland China *(Continued)*

Shenzhen, PRC *(Continued)*

Enterprise Square

Enterprise Square 僑城坊, in which the Group owns a 20% interest, is situated at Qiaoxiang Road North, Nanshan District, covering a site area of approximately 49,000 sq.m. and a total gross floor area of approximately 224,500 sq.m. It has been developed into a commercial complex composed of office towers, a residential apartment tower and a commercial mall offering dining and entertainment facilities to the tenants. Development for the entire project was completed in June 2018. The office portion of the project was launched to the market for pre-sale in January 2017. For the year ended 31 March 2019, the project realised revenue of RMB1,884 million (2018: RMB1,174 million) from the units delivered during the year. As at 31 March 2019, the property sales contracted but revenue not yet booked amounted to RMB188 million. Net profit attributable to the Group in respect of Enterprise Square, including an increase in fair value of the commercial mall and an office tower which are classified as investment properties, amounted to HK$317 million (2018: HK$114 million) for the year ended 31 March 2019.

BUSINESS REVIEW *(Continued)*

Property Development and Investment – Mainland China *(Continued)*

Chongqing, PRC

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

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

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 office tower and a 42-storey hotel and office composite tower each with its respective 4-storey retail/commercial podium. The leasing up activities at the office tower are ongoing with occupancy rates climbing steadily. The refurbishment works of the hotel/office tower have finished and the hotel was opened in November 2018.

Hotel-Cafe

BUSINESS REVIEW *(Continued)*

Property Investment – Hong Kong

The development project at **Kin Chuen Street, Kwai Chung, New Territories,** with a total gross floor area of approximately 228,000 sq.ft. is currently at the stage of superstructure works. The property as planned will be developed into a data centre producing recurring rental income and is scheduled for completion in 2020.

K.C.T.L. No.495, Kin Chuen Street, Kwai Chung – construction works in progress

On 12 June 2018, the Group entered into a connected transaction regarding the appointment of Shun Cheong Data Centre Solutions Company Limited ("Shun Cheong Data Centre Solutions"), an indirect wholly-owned subsidiary of Chinney Alliance Group Limited ("Chinney Alliance") (Stock Code: 385), as a consultant to provide consultancy services in respect of the development of the data centre at a fixed fee of HK$16.2 million. The transaction was subject to the reporting and announcement requirements under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). For details, please refer to the Company's announcement dated 12 June 2018. On 12 July 2018, the Group entered into another connected transaction regarding the appointment of Chinney Construction Company, Limited ("Chinney Construction"), an indirect wholly-owned subsidiary of Chinney Alliance, as the main contractor for carrying out the substructure and superstructure works for the data centre at a total contract sum not exceeding HK$757.8 million. The transaction was approved by the independent shareholders of Chinney Investments, Limited (a substantial shareholder of the Company) ("Chinney Investments") (Stock Code: 216), the Company and Chinney Alliance respectively at the general meetings held by each of the companies on 24 August 2018. For details, please refer to the Company's announcement dated 12 July 2018 and the circular of the Company dated 8 August 2018.

BUSINESS REVIEW *(Continued)*

Property Investment – Hong Kong *(Continued)*

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 was close to 100% with satisfactory room rates whilst that of **The Bauhinia** 寶軒, a 171-room serviced apartment atop the hotel, was above 85%. The retail shops at street level of the aforesaid building are fully let.

The average occupancy rate of **The Bauhinia Hotel (TST)** 寶軒酒店(尖沙咀), a 98-room boutique hotel occupying a total of 20 floors of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, was about 95% with satisfactory room rates. All the remaining floors of the above building have been leased out for commercial use.

The average 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 was close to 100%.

Property and carpark management

For the year ended 31 March 2019, the property and carpark management segment revenue was HK$32 million compared with HK$23 million in 2018. The increase in revenue was mainly due to more parking spaces being managed by the Group. As at 31 March 2019, the Group managed 11 car parks (31 March 2018: 11 car parks) with 2,000 parking spaces (31 March 2018: 1,700 parking spaces).

OUTLOOK

In the year ahead, economic growth in advanced countries is expected to be moderate amidst continuing widespread trade protection and uncertainties. The US-China trade conflicts have intensified, stemming from the raising of additional tariffs by the United States on US$200 billion worth of imports from China, leading to the affirmative countermeasures announced by China. The ongoing trade conflicts severely disrupt global supply chains and cloud the global economic sentiment. In the United States, GDP growth is expected to decline from 3 percent as recorded in 2018 due to an expected economic slowdown. Foreseeing that inflation will remain benign, the Federal Reserve is likely to adopt a cautious approach in setting the interest rate as they attempt to maintain growth without triggering inflation. In all, the global economy remains volatile and highly susceptible to external uncertainties including the Brexit and trade negotiation.

In the mainland China, GDP expanded by 6.4 percent in the first quarter of 2019, within the government's range of target GDP for 2019. Nevertheless, the economy is forecasted to soften under the prevailing uncertain external environment and heightened trade conflicts. To boost near-term economic growth, the Central Government is likely to adopt accommodative measures to stimulate domestic demand in tandem with debt deleveraging policies to mitigate financial risks. Meanwhile, to curb speculative activity in the real estate market, the Central Government will continue to adhere to the city-specific housing policy of "one policy for one city" in major cities, with the aim towards stabilizing the property market and to enable long term healthy growth.

In Hong Kong, economic growth has softened reflecting the impact of external uncertainties (in particular, the US-China trade disputes) on market sentiment and export demand. Fortunately, our local property market is strongly underpinned by a stable employment and income market, low interest environment, and the Government's long term measures to increase housing supply. Coupled with the recent release of the outlined development plans for the Greater Bay Area, which highlights Hong Kong's role as an international centre for finance, transportation, trade and aviation, the local economy will likely benefit from ample opportunities and massive infrastructure works in the long run.

Consequently we are cautiously optimistic about the future and will continue to closely monitor market developments and adjust investment strategies to maximize return for our investors.

A NOTE OF THANKS AND APPRECIATION

On behalf of the Board, I would like to thank our shareholders and business partners for their tremendous support and loyalty.

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

James Sai-Wing Wong
Chairman

Hong Kong, 27 June 2019

DIRECTORS

James Sai-Wing Wong

Aged 81, was appointed as the Managing Director of the Company in 1985 and became the Chairman in 1990. He is the Chairman of Chinney Investments, a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), all being substantial shareholders of the Company, and a director of Chinney Capital Limited ("Chinney Capital") which is a shareholder of the Company. He is also the Chairman of Chinney Alliance. Both Chinney Investments and Chinney Alliance are listed on the Main Board of the Stock Exchange. He is also a director of certain subsidiaries of the Company. He was appointed a Justice of the Peace for Hong Kong in 1987.

James Sing-Wai Wong

Aged 55, was appointed as a non-executive director of the Company in August 2017 and subsequently re-designated as an executive director of the Company in July 2018. He 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's 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 30 years of 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 Chinney Holdings and Lucky Year, both of which are substantial shareholders of the Company, and a director of Chinney Capital which is a shareholder of the Company. Mr. Wong was a non-executive director of Chinney Investments during the period from June 2013 to August 2017 and subsequently appointed as an executive director of Chinney Investments in August 2018. He is also an executive director of Chinney Alliance and Chinney Kin Wing Holdings Limited ("Chinney Kin Wing") (Stock Code: 1556). Chinney Investments, Chinney Alliance and Chinney Kin Wing are all listed on the Main Board of the Stock Exchange. He is also a director of certain subsidiaries of the Company. He is the son of Dr. James Sai-Wing Wong, the Chairman and a substantial shareholder of the Company.

Xiao-Ping Li

Aged 67, joined the Group in 1999 and was appointed as an executive director of the Company in 2009. He is also a director of certain subsidiaries of the Company. He has over 39 years of experience in economics and management in the People's Republic of China (the "PRC"). He has obtained a senior economist qualification certificate of PRC. He is a member of the Plant Maintenance Association of Chinese Mechanical Engineering Society.

DIRECTORS *(Continued)*

Philip Bing-Lun Lam

Aged 76, was appointed as an executive director of the Company in April 2019. Mr. Lam began his career in 1963 with Hang Seng Bank Limited for eleven years, and then joined the University of Hong Kong ("HKU") in 1975 as an Assistant Finance Director. He then worked as the Chief Accountant and Comptroller in Overseas Bank (Canada) in Vancouver for three years from 1982 to 1985. In 1985, Mr. Lam re-joined HKU and had served as the Director of Finance from 1990 until his retirement on 30 June 2012. He was then asked by the Vice-Chancellor of HKU to be his Senior Advisor for financial, investment and fund-raising matters until June 2014, and since then, he has been the Honorary Advisor to the Chairman of The University of Hong Kong Foundation for Educational Development and Research. Mr. Lam obtained a diploma in management studies from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in July 1974. He is a fellow of The Chartered Institute of Management Accountants (UK), the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Directors and an associate of The Certified Management Accountants (Canada), The Institute of Chartered Secretaries and Administrators (UK) and The Chartered Institute of Bankers (UK).

Mr. Lam is active in community affairs and had served as a member on the Board of Review (Inland Revenue Ordinance) Hong Kong for three years from 1995 to 1998. He had been a member of the Establishment and Finance Committee of the Prince Philip Dental Hospital from early 1990s until his retirement in June 2012. Currently he is a member of the Board of Governors of the Canadian International School of Hong Kong, and a member of the Board of Governors of the Centennial College, a subsidiary of HKU. Mr. Lam is an executive director of Chinney Alliance and Chinney Kin Wing, both companies are listed on the Main Board of the Stock Exchange. He is also a director of certain subsidiaries of the Company. He is also an independent non-executive director of Oriental University City Holdings (H.K.) Limited (stock code: 8067) which is listed on the GEM of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Daniel Chi-Wai Tse

Aged 84, was appointed as an independent non-executive director of the Company in 1993. He is a member of the Assembly of the University of Macao, the Vice-chair of the University of Macao Development Foundation and the President Emeritus of The Hong Kong Baptist University. He was the President and Vice-Chancellor of The Hong Kong Baptist University for 30 years and retired in 2001. He holds a Ph.D. in Physics from The University of Pittsburgh, USA. He was appointed a Justice of the Peace for Hong Kong in 1977 and was awarded Gold Bauhinia Star in 1998 and Medal for Higher Education by the Macao SAR in 2014.

Zuo Xiang

Aged 55, was appointed as an independent non-executive director of the Company in 2015. He has about 30 years of experience in principal investment, structured finance, opportunistic investment, real estate finance and investment banking in the PRC and Asia Pacific. He previously served a key position in JPMorgan Global Special Opportunities Group and a senior role in The Royal Bank of Scotland and GE Capital Group. Mr. Xiang holds a Bachelor's degree in Philosophy from Sichuan University, Chengdu, PRC, a Master's degree in Sociology from Morehead State University, Kentucky, USA and also a Master of Business Administration Degree in Corporate Finance from Fairleigh Dickinson University, New Jersey, USA.

Janie Fong

Aged 52, was appointed as an independent non-executive director of the Company in May 2019. Ms. Fong is the Managing Director of East West Bank, a post she has held since 2007. California-based East West Bank is a wholly-owned subsidiary of East West Bancorp, Inc., a publicly owned company in the United States of America (the "U.S."). From 2000 to 2004, Ms. Fong was appointed by the California Governor to represent the State of California in Hong Kong and the PRC. Through her former post as California's Chief Representative, Ms. Fong was responsible for creating new economic, trade, and diplomatic ties between the PRC and the U.S.. Ms. Fong practiced law as a licensed California attorney up until 2000 and worked as an executive of Silicon Valley start-up companies from 1998 to 2000. Ms. Fong served on the Commission on Strategic Development of Hong Kong from 2005 to 2007. Ms. Fong was an independent non-executive director and a member of audit committee of the board of directors of AID Life Science Holdings Limited (a company listed on the GEM of the Stock Exchange with stock code: 8088) until she resigned in April 2019. Ms. Fong is a member of the Harvard Kennedy School of Government's Women's Leadership Board and currently serves as: an Advisor to ChinaSF, the China Office of the City and County of San Francisco; a member of The Hong Kong Chi Tung Association Limited; a member of the Board of Governors of the Hong Kong-America Center, an executive committee member of Hong Kong Tianjin Business and Professional Women Association, a member of The Hong Kong Federation of Women Lawyers Limited; and a member of the Asia Advisory Council of the University of California, Los Angeles (UCLA).

SENIOR MANAGEMENT

Kai-Nor Siu

Aged 53, was appointed as the Director of Finance of the Company in May 2018. She is also the Financial Controller of Chinney Investments. She has 30 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.

Ka-Yee Wan

Aged 45, was appointed as the Company Secretary of the Company in May 2018. She is also the Company Secretary of Chinney Investments. She has over 20 years of experience in company secretarial and corporate governance practices. Ms. Wan has obtained a Bachelor of Arts degree from The Chinese University of Hong Kong and a postgraduate diploma in corporate administration from The City University of Hong Kong. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

Calvin Ming-Yui Ng

Aged 47, joined the Company in 2009 and is currently the Director – Corporate Finance & Business Development of the Company and of Chinney Investments. He has 24 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.

Chi-Kin Lam

Aged 64, joined the Company in 2003 and is the Assistant General Manager – Asset Management of the Company. He has 34 years of experience in large scale parking facilities and property services management. He is a chartered member of the Chartered Institute of Logistics and Transport.

Stephen Chun-Piu Lee

Aged 52, joined the Company in 1990 and is the Senior Property Manager of the Company in charge of investment properties in Hong Kong. He has 29 years of experience in property investment and development.

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

In the opinion of the Board, the Company has applied applicable principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to 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 to 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)*	
James Sing-Wai Wong	(re-designated as executive director on 13 July 2018)
Xiao-Ping Li	
Philip Bing-Lun Lam	(appointed on 29 April 2019)
Yuen-Keung Chan	(resigned on 13 July 2018)
Peter Chi-Chung Luk	(resigned on 29 April 2019)

Independent Non-Executive Directors

Daniel Chi-Wai Tse	
Zuo Xiang	
Janie Fong	(appointed on 27 May 2019)
William Kwan-Lim Chu	(resigned on 1 January 2019)

Details of background and qualifications of each director are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 13 to 16 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. 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.

CG Code provision A.1.1 stipulates that the board of directors should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year, two full board meetings were held. As business operations were under the management and supervision of the executive directors of the Company, who from time to time held management/executive meetings to resolve all material business or management issues, thus only two full board meetings were held for the year ended 31 March 2019.

BOARD OF DIRECTORS *(Continued)*

Following the resignation of William Kwan-Lim Chu as an independent non-executive director, the chairman of the Audit Committee and a member of the Remuneration Committee of the Company on 1 January 2019, the Company became non-compliant with Rule 3.10(1), Rule 3.10(2), Rule 3.21 and Rule 3.25 of the Listing Rules. Pursuant to Rules 3.11, 3.23 and 3.27 of the Listing Rules, the Company should appoint sufficient number of independent non-executive directors and make appropriate appointment to the Audit Committee and the Remuneration Committee within three months after failing to meet the requirements under Rules 3.10(1), 3.10(2), 3.21 and 3.25 of the Listing Rules (i.e. on or before 31 March 2019).

The Company has taken remedial steps by actively identifying and approaching potential candidates to fill such vacancies following the resignation of William Kwan-Lim Chu. However, as additional time is required for the shortlisted candidate in obtaining clearance of his proposed appointment as an independent non-executive director of the Company, the Company has applied to the Stock Exchange, and the Stock Exchange has granted, for a waiver from strict compliance with Rules 3.10(1), 3.10(2), 3.21 and 3.25 of the Listing Rules and an extension of time for a period of two months from 1 April 2019 for filling the vacancies.

Subsequently, the Company has identified Janie Fong who was appointed as an independent non-executive director, a member of the Audit Committee and a member of the Remuneration Committee of the Company with effect from 27 May 2019. Following the appointment of Janie Fong and the re-designation of Zuo Xiang as the chairman of the Audit Committee with effect from 27 May 2019, the Company is in compliance with the relevant requirements under Rules 3.10(1), 3.10(2), 3.21 and 3.25 of the Listing Rules and the terms of reference of the Audit Committee and the Remuneration Committee. Please refer to the announcements of the Company dated 31 December 2018, 29 March 2019 and 27 May 2019 for more details.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS

CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election and CG Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

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

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

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

In accordance with article 95 of the Articles of Association, Philip Bing-Lun Lam and Janie Fong who were respectively appointed by the Board as an executive director effective 29 April 2019 and an independent non-executive director effective 27 May 2019 will hold office until the forthcoming annual general meeting and, being eligible, offer themselves for re-election. In accordance with article 104 of the Articles of Association, Daniel Chi-Wai Tse and Zuo Xiang shall retire by rotation at the forthcoming annual general meeting. Zuo Xiang, being eligible, will offer himself for re-election, while Daniel Chi-Wai Tse has notified the Board that he has decided not to stand for re-election and will retire as an independent non-executive director of the Company upon conclusion of 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 existing directors during the year ended 31 March 2019 is summarised as follows:

Name of director	Type of training
Executive Directors	
James Sai-Wing Wong	A, B
James Sing-Wai Wong	A, B
Xiao-Ping Li	A, B
Philip Bing-Lun Lam (appointed on 29 April 2019)	N/A
Independent Non-Executive Directors	
Daniel Chi-Wai Tse	B
Zuo Xiang	A, B
Janie Fong (appointed on 27 May 2019)	N/A

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

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

REMUNERATION OF DIRECTORS

The Remuneration Committee was established in 2005. The Remuneration Committee currently comprises two independent non-executive directors, namely Daniel Chi-Wai Tse and Janie Fong, and one executive director, namely Philip Bing-Lun Lam. The Chairman of the Remuneration Committee is Daniel Chi-Wai Tse.

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 reviews and makes 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.

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

AUDIT COMMITTEE

The Audit Committee was established in 2001. The Audit Committee currently comprises three members, namely Zuo Xiang, Daniel Chi-Wai Tse and Janie Fong and they are all independent non-executive directors of the Company. The Chairman of the Audit Committee is Zuo Xiang. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in banking, 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.

AUDIT COMMITTEE *(Continued)*

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 2019				
	Board Meetings	Remuneration Committee Meeting	Audit Committee Meetings	Extraordinary General Meeting held on 24 August 2018	Annual General Meeting held on 24 August 2018
Number of meetings held during the year ended 31 March 2019	2	1	2	1	1
James Sai-Wing Wong	2	N/A	N/A	0*	1
James Sing-Wai Wong	2	N/A	N/A	0*	1
Xiao-Ping Li	2	N/A	N/A	0	0
Philip Bing-Lun Lam *(appointed on 29 April 2019)*	N/A	N/A	N/A	N/A	N/A
Yuen-Keung Chan *(resigned on 13 July 2018)*	1	N/A	1	N/A	N/A
Peter Chi-Chung Luk *(resigned on 29 April 2019)*	2	1	2	1	1
Daniel Chi-Wai Tse	1	1	2	0	0
Zuo Xiang	1	N/A	2	1	1
Janie Fong *(appointed on 27 May 2019)*	N/A	N/A	N/A	N/A	N/A
William Kwan-Lim Chu *(resigned on 1 January 2019)*	2	1	2	0	0

* James Sai-Wing Wong did not attend the said meeting as he together with his associates were materially interested in the resolution put forward at the meeting and be required to abstain from voting. James Sing-Wai Wong, being the son of James Sai-Wing Wong, did not attend the said meeting voluntarily for the purpose of good corporate governance.

NOMINATION OF DIRECTORS AND DIVERSITY OF THE BOARD

CG Code provision A.5.1 stipulates that, amongst others, the Company should establish a nomination committee which should be chaired by the Chairman of the Board or an independent non-executive director.

The Company has not established a nomination committee. 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. The Chairman, with his expertise in property industry, 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 having due regard to the Nomination Policy and the Board Diversity Policy adopted by the Company and assess the independence of the proposed independent non-executive director(s) as appropriate.

In summary, the selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. These measurable objectives have been set to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and will be reviewed by the Board annually to ensure the continued effectiveness of the Board.

AUDITOR'S REMUNERATION

During the year, 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	2,540
Non-audit services (tax compliance services and other services)	34
	2,574

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the members of the senior management (excluding directors) by band for the year ended 31 March 2019 is set out below:

Remuneration band (HK$)	Number of persons
Below $2,000,000	2
$2,000,000 to $2,500,000	1
$2,500,001 to $3,000,000	1
	4

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE ACCOUNTS

The Directors acknowledge their responsibilities for the accounts and they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. 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 46 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, 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.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). Pursuant to which, in considering the declaration and payment of dividends, the Board shall maintain adequate cash reserves for meeting its working capital requirements and future business growth and take into account the following factors of the Group:

a. financial results;

b. cash flow situation;

c. business conditions and strategies;

d. future operations and earnings;

e. capital requirements and expenditure plans;

f. interests of shareholders;

g. any restrictions on payment of dividends; and

h. any other factors that the Board may consider relevant.

The Board has discretion to declare and distribute dividends to the shareholders of the Company, subject to the Articles of Association and all applicable laws and regulations. The Board will review the Dividend Policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

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 director, 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 2019.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides management services to its subsidiaries. Its subsidiaries are mainly engaged in property development, property investment and property related activities. There have been no changes in the nature of the Group's principal activities during the year. Further details of the Company's principal subsidiaries are set out in note 1 to the financial statements.

FINANCIAL RESULTS

The Group's profit for the year ended 31 March 2019 and the Group's financial position at that date are set out in the financial statements on pages 47 to 149.

BUSINESS REVIEW

The Group is principally engaged in the businesses of property development and property investment and mainly focused on three major cities in Mainland China, namely Shenzhen, Guangzhou and Chongqing as well as in Hong Kong. The long term strategy of the Group aims to generate recurring rental income sufficient to cover its operating overheads including administration expenses, finance costs plus dividends with project sales supplement the Group's additional cash inflows.

A business review of the Group for the year ended 31 March 2019 and outlook are set out in the "Chairman's Statement" on pages 5 to 12 and an analysis using financial key performance indicators are set out in "Financial Highlights" on page 3 of this annual report. The Group's capital and financial risk management objectives and policies are set out in note 37 to the financial statements on pages 139 to 146 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 2019, 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 relationship with its employees is set out in the "Employees and remuneration policies" below.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group's revenue was primarily derived from the business segments: (i) property development and (ii) property investment. Revenue decreased by 17.0% to HK$1,478 million in the year under review from HK$1,781 million in last year. 82.8% of the Group's revenue was generated from the sales of properties (2018: 88.0%) and 17.2% from property rental and management income and other segments (2018: 12.0%). Property development business recorded a drop as a result of decreased property contracted sales whereas the property investment business maintained stable revenue.

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$5,028 million as at 31 March 2019 (2018: HK$4,535 million), of which approximately 22% (2018: 49%) of the debts were classified as current liabilities. Included therein were debts of HK$94 million related to bank loans with repayable on demand clause and HK$814 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 4%. The increase in total debts was mainly due to the refinancing of the existing syndicated bank loans as well as the drawdown of bank loans for construction of development projects.

Total cash and bank balances including time deposits were approximately HK$1,963 million as at 31 March 2019 (2018: HK$2,678 million). Included in cash and bank balances are restricted bank deposits of HK$77 million (2018: HK$260 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$2,065 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2019 were approximately HK$11,874 million (2018: HK$11,372 million). The increase was mainly due to current year's profit attributable to shareholders, which was partly set off by the 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$3,065 million (2018: HK$1,857 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$12,069 million (2018: HK$11,463 million), was 25% as at 31 March 2019 (2018: 16%).

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 2019, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Pledge of assets

Properties with an aggregate carrying value of approximately HK$14,795 million as at 31 March 2019 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 30 to the financial statements.

Employees and remuneration policies

The Group, not including its joint venture and associate, employed approximately 320 employees as at 31 March 2019. 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.

KEY RISK FACTORS

The following content lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties which are not identified for the time being or turn out to be material in future.

Risks Pertaining to the Property Market in Mainland China

A substantial part of the Group's property portfolio is located in Mainland China, and a major part of the Group's revenue is derived in Mainland China. Therefore, the Group is exposed to the risks associated with China's property market including risks of policy changes, currency fluctuation and interest rate changes. The Group continues to implement strategies and strengthen its financial position to withstand any adverse impact when the business environment deteriorates.

Risks Pertaining to the Property Market in Hong Kong

A portion of the Group's investment property portfolio is located in Hong Kong, earning rental and management income. Therefore, the Group is susceptible to changes in economic conditions, consumer consumption and the tourist market in Hong Kong. Besides, the local government may introduce further regulatory measures on the property market, thus adversely affecting the local business environment.

Interest Rate Risks

The Group's bank borrowings mainly bear floating rates. The Group's finance and treasury operation is affected by the change in interest rates and market condition. To reduce our exposure due to volatility in interest rates, the Group has closely monitored the interest rate movements and refinanced existing banking facilities when favourable pricing opportunities arise.

Counterparty Risks

The Group relies on contractors in carrying out its property developing activities. While the Group has been careful in selecting its contractors, there can be no assurance that the contractors will perform satisfactorily. Any unsatisfactory performance of the contractors may potentially lead to construction cost overrun, project delay and contract disputes, which can adversely affect the return of the project. The Group has procedures in place in selecting and managing the performance of the contractors to reduce the negative impact that may arise.

DIVIDEND

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2019 (2018: final dividend of 12.5 Hong Kong cents and a special dividend of 5.0 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 6 September 2019. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 23 September 2019.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 29 August 2019. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 26 August 2019 to 29 August 2019 (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 (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) not later than 4:30 p.m. on 23 August 2019.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2019 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 5 September 2019 to 6 September 2019, 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 2 September 2019. 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 (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) not later than 4:30 p.m. on 4 September 2019.

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 150. 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 2019.

DISTRIBUTABLE RESERVES

At 31 March 2019, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the CO, amounted to HK$328,023,000, of which HK$90,054,000 has been proposed as a final dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, purchases from the Group's five largest suppliers accounted for 77% of the total purchases for the year. Purchases from the Group's largest supplier included therein totalled 34%. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

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

DIRECTORS

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

James Sai-Wing Wong	
James Sing-Wai Wong	
Xiao-Ping Li	
Philip Bing-Lun Lam	(appointed on 29 April 2019)
Daniel Chi-Wai Tse*	
Zuo Xiang*	
Janie Fong*	(appointed on 27 May 2019)
Yuen-Keung Chan	(resigned on 13 July 2018)
William Kwan-Lim Chu*	(resigned on 1 January 2019)
Peter Chi-Chung Luk	(resigned on 29 April 2019)

* *Independent non-executive directors*

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 to be independent.

The persons who were directors of the subsidiaries of the Company during the year and up to the date of this report (not including those directors listed above) were Joseph Hung-Leung Chan**, Qiao Chen, Hai-Ou Gao, Ying-Hua Guo, Li He, Xiao-Wen Hong, Yiu Hong, Chi-Kin Lam, Stephen Chun-Piu Lee, Lai-Piu Ng**, Calvin Ming-Yui Ng**, Kai-Nor Siu, Qiang Zhang, Tim Bermingham and Julie Di Lorenzo.

** *no longer the director(s) of the subsidiaries of the Company as at the date of this report*

RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 95 of the Articles of Association, Philip Bing-Lun Lam and Janie Fong will hold office until the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

In accordance with article 104 of the Articles of Association, Daniel Chi-Wai Tse and Zuo Xiang will retire by rotation at the forthcoming annual general meeting. Zuo Xiang, being eligible, will offer himself for re-election, while Daniel Chi-Wai Tse has notified the Board that he has decided not to stand for re-election and will retire as an independent non-executive director of the Company upon conclusion of the forthcoming annual general meeting.

The proposed re-election of each of Zuo Xiang and Janie Fong as independent non-executive director was made in accordance with the Nomination Policy of the Company and took into account a wide range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services, with due regard of the benefits of diversity as set out under the Board Diversity Policy of the Company.

The Board had also assessed and reviewed the written confirmation of independence of each of Zuo Xiang and Janie Fong based on the independence criteria as set out in Rule 3.13 of the Listing Rules and is satisfied that as at the date of this report, each of Zuo Xiang and Janie Fong remained independent in accordance with Rule 3.13 of the Listing Rules.

In addition, the Board had evaluated the performance of each of Zuo Xiang and Janie Fong and is of the view that each of Zuo Xiang and Janie Fong has provided valuable contributions to the Company and has demonstrated his/her abilities to provide independent, balanced and objective view to the Company's affairs. The Board is also of the view that each of Zuo Xiang and Janie Fong would bring to the Board his/her own perspective, skills and experience, as further described in the respective biographies as set out on page 15 of this annual report, and can contribute to the diversity of the Board taking into account their diversified educational background and professional experience. The Board believes that their re-election as the independent non-executive directors of the Company would be in the best interests of the Company and its shareholders as a whole.

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 13 to 16 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 34 to the financial statements, no director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or 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 2019, the interests and short positions of the directors of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (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	502,262,139	69.72

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

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

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued shares/ paid-up registered capital
James Sai-Wing Wong	*1 & 3*	Chinney Investments	Through controlled corporations	341,439,324	61.93
	1	Chinney Investments	Beneficially owned	480,000	0.09
	1 & 4	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Chinney Holdings	Beneficially owned	100,000	1.00
	1	Lucky Year	Beneficially owned	20,000	100.00
	1 & 5	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 6	Chinney Trading Company Limited	Through controlled corporations	10,400	80.00

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

Notes:

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

2. *Out of the 502,262,139 shares, 490,506,139 shares are beneficially held by Chinney Investments, which is a subsidiary of Chinney Holdings. More than one-third of the equity capital of Chinney Holdings is owned by Lucky Year of which James Sai-Wing Wong is a director and has beneficial interests therein. The remaining 11,756,000 shares are held by Chinney Capital of which James Sai-Wing Wong is a director and has beneficial interests therein.*

3. *These shares are beneficially held by Chinney Holdings. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in these shares.*

4. *These shares are beneficially held by Lucky Year. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in these shares.*

5. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is paid up by a wholly-owned subsidiary of the Company and RMB74,000,000 is paid up by a company controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in this company.*

6. *Out of the 13,000 issued shares of Chinney Trading Company Limited, 2,600 shares are held by a wholly-owned subsidiary of the Company and 7,800 shares are held by a company controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in this company.*

Save as disclosed herein, as at 31 March 2019, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

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

During the year, the Company paid a management fee of HK$12,327,000 to Chinney Investments (2018: HK$12,000,000). James Sai-Wing Wong and James Sing-Wai Wong, directors of the Company, are also directors of Chinney Investments.

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

As at 31 March 2019, so far as is known to the directors of the Company, the following substantial shareholders and other persons had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
James Sai-Wing Wong	*1, 2, 3*	Through controlled corporations	502,262,139	69.72
Lucky Year	*1 & 2*	Through controlled corporations	490,506,139	68.09
Chinney Holdings	*1 & 2*	Through controlled corporation	490,506,139	68.09
Chinney Investments	*1 & 2*	Directly beneficially owned	490,506,139	68.09

Notes:

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

2. *James Sai-Wing Wong, Lucky Year, Chinney Holdings and Chinney Investments are deemed to be interested in the same parcel of 490,506,139 shares by virtue of Section 316 of the SFO.*

3. *11,756,000 shares are held by Chinney Capital of which James Sai-Wing Wong is a director and has beneficial interests therein.*

Save as disclosed herein, as at 31 March 2019, none of the substantial shareholders or other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS

1. On 12 June 2018, Gold Famous Development Limited ("Gold Famous"), an indirect wholly-owned subsidiary of the Company, entered into a consultancy agreement with Shun Cheong Data Centre Solutions, an indirect wholly-owned subsidiary of Chinney Alliance, pursuant to which Shun Cheong Data Centre Solutions was appointed by Gold Famous as a consultant to provide consultancy services in respect of the construction and development of a data centre on a parcel of land owned by Gold Famous in Kwai Chung, Hong Kong (the "Data Centre Project") at a fixed fee of HK$16,200,000 (the "Consultancy Agreement"). As Chinney Investments is interested in approximately 68.09% of the issued shares of the Company and approximately 29.10% of the issued shares of Chinney Alliance and Dr. James Sai-Wing Wong is the chairman, executive director and a controlling shareholder of each of Chinney Investments, the Company and Chinney Alliance, the transaction constituted a connected transaction for each of Chinney Investments, the Company and Chinney Alliance under the Listing Rules and is subject to the reporting and announcement requirements.

2. On 12 July 2018, Gold Famous, an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with Chinney Construction, an indirect wholly-owned subsidiary of Chinney Alliance, pursuant to which Gold Famous engaged Chinney Construction to act as the contractor to carry out construction works for the Data Centre Project at a total contract sum not exceeding HK$757,800,000 (the "Framework Agreement"). As Chinney Investments is interested in approximately 68.09% of the issued shares of the Company and approximately 29.10% of the issued shares of Chinney Alliance and Dr. James Sai-Wing Wong is the chairman, executive director and a controlling shareholder of each of Chinney Investments, the Company and Chinney Alliance, the related transaction constituted a connected transaction for each of Chinney Investments, the Company and Chinney Alliance under the Listing Rules. Since the entering into of the Consultancy Agreement dated 12 June 2018 also constituted a connected transaction and pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the Consultancy Agreement and the Framework Agreement should be aggregated as a series of transactions as they were entered into within a 12-month period and involved parties which are connected with one another. The applicable percentage ratios of the Framework Agreement on both stand-alone and the basis when aggregated with the Consultancy Agreement, are more than 5% and contract sum was more than HK$10 million, the transaction is subject to the reporting, announcement and independent shareholders' approval requirements. The transaction was approved by the independent shareholders of Chinney Investments, the Company and Chinney Alliance at the general meetings held by each of the companies on 24 August 2018.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

In February 2019, Hon Kwok Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the "Facility Agreement") relating to HK$1,500 million transferable term and revolving loan facilities (the "Loan Facilities") with a syndicate of financial institutions (the "Lenders"). The Loan Facilities have a term of 48 months commencing from the date of the Facility Agreement and to be used for refinancing the existing syndicated loan with an outstanding balance of HK$440 million and financing the general corporate funding requirements of the Group.

Pursuant to the Facility Agreement, it shall be an event of default if (i) Chinney Investments ceases to be the major beneficial shareholder of the Company as a result of Chinney Investments ceasing to hold no less than 30% effective shareholding of the Company or does not or ceases to maintain management control of the Company; or (ii) James Sai-Wing Wong, the Chairman of both the Company and Chinney Investments, or his family members collectively, do not or cease to hold the major beneficial ultimate shareholding interest in Chinney Investments.

If an event of default under the Facility Agreement occurs, the agent acting for the Lenders may, and shall if so requested by a majority of the Lenders, 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.

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 were held by the public as at the latest practicable date prior to the issue of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, James Sai-Wing Wong, the 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 a 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 business 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.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$10,000.

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
Philip Bing-Lun Lam
Director

Hong Kong, 27 June 2019

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

OPINION

We have audited the consolidated financial statements of Hon Kwok Land Investment Company, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 47 to 149, which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, 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 2019, the Group's investment properties measured at fair value amounted to approximately HK$13,249 million, with net gains arising from fair value change recognised in the statement of profit or loss of approximately HK$929.8 million from completed investment properties and investment properties under construction. The valuation process is inherently subjective, and dependent on a number of estimates such as market rent, market yield, market price per unit, 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 14 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.

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 2019, the Group has recorded properties held for sale under development and completed properties held for sale of approximately HK$2,052 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 the 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 17 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 purposes. 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.

- 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.

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

- 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

27 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	5	**1,478,353**	1,781,043
Cost of sales		**(744,358)**	(891,999)
Gross profit		**733,995**	889,044
Other income	5	**17,924**	18,641
Fair value gains on investment properties, net		**929,811**	229,091
Gain on disposal of subsidiaries	28	**–**	2,495,927
Loss on disposal of investment properties, net		**(804)**	(244)
Administrative expenses		**(92,868)**	(115,382)
Other operating expenses, net		**(25,539)**	(34,409)
Finance costs	6	**(118,480)**	(102,338)
Share of profit of an associate		**317,087**	113,780
PROFIT BEFORE TAX	7	**1,761,126**	3,494,110
Income tax expense	10	**(460,564)**	(385,190)
PROFIT FOR THE YEAR		**1,300,562**	3,108,920
Attributable to:			
Owners of the Company		**1,158,507**	2,979,893
Non-controlling interests		**142,055**	129,027
		1,300,562	3,108,920
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic and diluted		**HK$1.61**	HK$4.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019

	Note	**2019** ***HK$'000***	2018 *HK$'000*
PROFIT FOR THE YEAR		**1,300,562**	3,108,920
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income/(loss) of an associate		**(14,527)**	15,955
Release of exchange fluctuation reserve upon disposal of subsidiaries	28	**–**	(78,064)
Exchange differences on translation of foreign operations		**(541,825)**	740,992
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(556,352)**	678,883
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**744,210**	3,787,803
Attributable to:			
Owners of the Company		**628,184**	3,625,224
Non-controlling interests		**116,026**	162,579
		744,210	3,787,803

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**266,766**	81,006
Investment properties	*14*	**14,296,837**	13,675,630
Investment in a joint venture	*15*	**199**	199
Investment in an associate	*16*	**789,271**	486,711
Total non-current assets		**15,353,073**	14,243,546
CURRENT ASSETS			
Tax recoverable		**5,895**	97
Properties held for sale under development and completed properties held for sale	*17*	**2,051,599**	2,553,549
Trade receivables	*18*	**21,561**	20,146
Prepayments, deposits and other receivables	*19*	**136,159**	165,451
Contract costs		**5,547**	–
Cash and bank balances	*20*	**1,963,000**	2,678,461
Total current assets		**4,183,761**	5,417,704
CURRENT LIABILITIES			
Trade payables and accrued liabilities	*21*	**415,741**	588,325
Due to an associate	*16*	**15,950**	26,002
Interest-bearing bank borrowings	*23*	**1,107,931**	2,206,409
Contract liabilities	*22*	**286,193**	–
Customer deposits		**47,582**	1,222,514
Tax payable		**122,549**	416,473
Total current liabilities		**1,995,946**	4,459,723
NET CURRENT ASSETS		**2,187,815**	957,981
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,540,888**	15,201,527

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	23	**3,920,286**	2,328,945
Deferred tax liabilities	24	**1,552,045**	1,409,452
Total non-current liabilities		**5,472,331**	3,738,397
Net assets		**12,068,557**	11,463,130
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	**1,519,301**	1,519,301
Reserves	26	**10,354,903**	9,852,794
		11,874,204	11,372,095
Non-controlling interests		**194,353**	91,035
Total equity		**12,068,557**	11,463,130

James Sai-Wing Wong
Director

Philip Bing-Lun Lam
Director

	Attributable to owners of the Company					
	Share capital	**Exchange fluctuation reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	1,519,301	(107,923)	6,425,547	7,836,925	406,947	8,243,872
Profit for the year	–	–	2,979,893	2,979,893	129,027	3,108,920
Other comprehensive income/(loss) for the year:						
Release of exchange fluctuation reserve upon disposal of subsidiaries	–	(78,064)	–	(78,064)	–	(78,064)
Exchange differences on translation of foreign operations	–	723,395	–	723,395	33,552	756,947
Total comprehensive income for the year	–	645,331	2,979,893	3,625,224	162,579	3,787,803
Disposal of subsidiaries	–	–	–	–	(64,621)	(64,621)
Dividend paid to non-controlling interests	–	–	–	–	(413,870)	(413,870)
Final 2017 dividend declared	–	–	(90,054)	(90,054)	–	(90,054)
At 31 March 2018 and 1 April 2018	1,519,301	537,408*	9,315,386*	11,372,095	91,035	11,463,130
Profit for the year	–	–	1,158,507	1,158,507	142,055	1,300,562
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	–	(530,323)	–	(530,323)	(26,029)	(556,352)
Total comprehensive income/(loss) for the year	–	(530,323)	1,158,507	628,184	116,026	744,210
Dividend paid to non-controlling interests	–	–	–	–	(12,708)	(12,708)
Final and special 2018 dividends declared	–	–	(126,075)	(126,075)	–	(126,075)
At 31 March 2019	**1,519,301**	**7,085***	**10,347,818***	**11,874,204**	**194,353**	**12,068,557**

* *These reserve accounts comprise the consolidated reserves of HK$10,354,903,000 (2018: HK$9,852,794,000) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,761,126**	3,494,110
Adjustments for:			
Finance costs	6	**118,480**	102,338
Share of profit of an associate		**(317,087)**	(113,780)
Interest income	5	**(13,852)**	(13,567)
Depreciation	7	**5,314**	5,722
Gain on disposal of subsidiaries	7	**–**	(2,495,927)
Loss on disposal of investment properties, net	7	**804**	244
Loss/(gain) on disposal of items of property, plant and equipment	7	**6**	(300)
Fair value gains on investment properties, net	7	**(929,811)**	(229,091)
		624,980	749,749
Decrease in properties held for sale under development and completed properties held for sale		**651,281**	122,071
Increase in trade receivables		**(1,415)**	(252)
Decrease in prepayments, deposits and other receivables		**13,735**	51,492
Increase in contract costs		**(5,547)**	–
Decrease in trade payables and accrued liabilities		**(467,682)**	(334,524)
Decrease in an amount due to an associate		**(10,052)**	(5,738)
Increase in contract liabilities		**286,193**	–
Decrease in customer deposits		**(1,105,656)**	(1,313,809)
Cash used in operations		**(14,163)**	(731,011)
Overseas taxes paid		**(516,257)**	(127,592)
Net cash flows used in operating activities		**(530,420)**	(858,603)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**13,852**	13,567
Purchases of items of property, plant and equipment	13	**(1,158)**	(976)
Proceeds from disposal of items of property, plant and equipment		**46**	341
Proceeds from disposal of investment properties		**1,396**	3,073
Additions to investment properties		**(408,314)**	(326,829)
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		**(43)**	340,677
Disposal of subsidiaries	28	**–**	3,589,281
Direct transaction costs paid in relation to disposal of subsidiaries	28	**–**	(520,446)
Net cash flows from/(used in) investing activities		**(394,221)**	3,098,688

	Note	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(187,706)**	(183,769)
New bank loans		**1,006,830**	595,064
Repayment of bank loans		**(426,333)**	(1,585,937)
Dividend paid		**(126,075)**	(90,054)
Dividend paid to non-controlling interests		**(12,708)**	(413,870)
Net cash flows from/(used in) financing activities		**254,008**	(1,678,566)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(670,633)**	561,519
Cash and cash equivalents at beginning of year		**2,675,728**	1,925,393
Effect of foreign exchange rates changes, net		**(44,712)**	188,816
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,960,383**	2,675,728
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*20*	**1,504,579**	2,540,629
Non-pledged time deposits	*20*	**458,421**	137,832
Cash and bank balances as stated in the consolidated statement of financial position		**1,963,000**	2,678,461
Non-pledged time deposits with original maturity of more than three months when acquired		**(2,617)**	(2,733)
Cash and cash equivalents as stated in the statement of cash flows		**1,960,383**	2,675,728

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

Information about subsidiaries

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

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

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
Guangzhou Tungfu Property Management Co., Ltd.*#	PRC/Mainland China	RMB44,400,000	–	100	Property holding and letting
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	100	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.*#	PRC/Mainland China	HK$30,000,000	–	100	Property development
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	100	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	100	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
Hotwin Investment (Chongqing) Co., Ltd.*#	PRC/Mainland China	US$14,300,000	–	100	Property holding and letting
Island Parking Limited	BVI/Hong Kong	US$10	–	100	Property holding and letting
King Capital Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	100	Property holding and letting
Shenzhen Guanghai Investment Co., Ltd.*#	PRC/Mainland China	RMB880,000,000	–	100	Property holding and letting
Shenzhen Honkwok Huaye Development Co., Ltd.*#	PRC/Mainland China	RMB50,000,000	–	100	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	
The Bauhinia Hotel Management Limited	Hong Kong	HK$2	–	100	Property letting
The Bauhinia Hotel (TST) Management Limited	Hong Kong	HK$2	–	100	Property letting
Vast Champ Investment (Chongqing) Co., Ltd.*#	PRC/Mainland China	US$30,000,000	–	100	Property holding and letting
Wide Fame Investment Limited	Hong Kong	HK$2	–	100	Financing
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	100	Money lending

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

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

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investment properties which have been measured at fair value 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 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described 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 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

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

Except for the amendments to HKFRS 4 and *Annual Improvements 2014-2016 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) Amendments to HKFRS 2 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 an 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 amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.

(b) HKFRS 9 Financial Instruments replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The adoption of HKFRS 9 has had no significant impact on the Group's financial information on classification and measurement of its financial assets, and no material transition adjustments against the applicable opening balances in equity at 1 April 2018 has recognised. And the comparative information was not restated and continues to be reported under HKAS 39.

(c) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a 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.

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

(c) *(Continued)*

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 disclosures are included in notes 3 and 5 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 April 2018, thus the comparative figures have not been restated.

Revenue recognition

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

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

(c) *(Continued)*

Accounting for revenue from sales of properties

Prior to the adoption of HKFRS 15, the Group accounted for revenue from sales of properties when significant risks and rewards of ownership have been transferred to the customers on delivery in its entirety at a single time upon vacant possession.

Under HKFRS 15, for properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress. The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract costs. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

The Group has assessed that there is an enforceable right to payment from the customers for performance completed to date for few properties. Thus, the majority of revenue from the sale of properties will continue to be recognised at a point in time, when the purchasers obtain the physical possession of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

Set out below are the amounts by which each financial statement line item was affected as at 31 March 2019 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on the Group's profit or loss and other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

	Notes	**HKFRS 15**	**Previous HKFRS**	**Increase/ (decrease)**
		HK$'000	*HK$'000*	*HK$'000*
Assets				
Prepayments, deposits and other receivables		136,159	141,706	(5,547)
Contract costs	*(i)*	5,547	–	5,547
Liabilities				
Contract liabilities		286,193	–	286,193
Customer deposits	*(ii)*	47,582	333,775	(286,193)

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

(c) *(Continued)*

The nature of the adjustments as at 1 April 2018 and the reasons for the significant changes in the consolidated statement of financial position as at 31 March 2019 are described below:

(i) Accounting for sales commission

Prior to the adoption of HKFRS 15, the Group capitalised the sales commission associated with obtaining agreement for sale and purchase with property buyer and charged to profit or loss when the revenue from the related property sale is recognised. Upon adoption of HKFRS 15, sales commission incurred directly attributable to obtaining a contract, if recoverable, is capitalised and recorded in contract costs. Capitalised sales commission is charged to profit or loss when the revenue from the related property sale is recognised and are included as selling and marketing expenses at that time. Prepaid sales commission of HK$6,225,000 that was previously classified as prepayments, deposits and other receivables has been reclassified to contract costs as at 1 April 2018.

As at 31 March 2019, the adoption of HKFRS 15 resulted in a decrease in prepayments, deposits and other receivables and an increase in contract costs, both by HK$5,547,000.

(ii) Accounting for significant financing component for sales of properties

Prior to the adoption of HKFRS 15, the Group presented sales proceeds received from customers in connection with the Group's pre-sales of properties as sales deposits received under customer deposits in the consolidated statement of financial position.

No interest was accrued on the long-term advances received under the previous accounting policy. Upon adoption of HKFRS 15, the Group recognised contract liabilities for the interest on the sales proceeds received from customers with a significant financing component. The Group elected to apply the practical expedient and did not recognise the effects of a significant financing component with a customer if the time period is one year or less. In addition, reclassifications have been made from sales deposits received to contract liabilities for the outstanding balance of sales proceeds from customers. Receipts in advance of HK$1,191,562,000 that were previously classified as customer deposits have been reclassified to contract liabilities as at 1 April 2018.

As at 31 March 2019, the adoption of HKFRS 15 resulted in a decrease in customer deposits and an increase in contract liabilities, both by HK$286,193,000.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(d) Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.

(e) HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

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 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

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

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 April 2020.

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 adoption now.

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 elective 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, or relates to a class of property, plant and equipment to which the revaluation model is applied. 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.

HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt HKFRS 16 from 1 April 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. As disclosed in note 32(b) to the financial statements, at 31 March 2019, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$61,258,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. The Group is currently assessing the impact of HKFRS 16. Further analysis will be needed to determine the amount of new right-of-use assets and lease liabilities to be recognised, including, but not limited to, incremental borrowing rate to be applied for different leases.

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

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 April 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 April 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 April 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 April 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate and a joint venture

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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

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

Fair value measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

Impairment of non-financial assets

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

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

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 profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in 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 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to 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 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 (policies under HKFRS 9 applicable from 1 April 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 April 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets (policies under HKFRS 9 applicable from 1 April 2018) *(Continued)*

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Investments and other financial assets (policies under HKAS 39 applicable before 1 April 2018)

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 (policies under HKAS 39 applicable before 1 April 2018) *(Continued)*

Loans and receivables

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

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 April 2018 and policies under HKAS 39 applicable before 1 April 2018)

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets (policies under HKFRS 9 applicable from 1 April 2018)

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets (policies under HKFRS 9 applicable from 1 April 2018) *(Continued)*

General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of financial assets (policies under HKAS 39 applicable before 1 April 2018)

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets (policies under HKAS 39 applicable before 1 April 2018) *(Continued)*

Financial assets carried at amortised cost

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in 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 profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables 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 and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, financial liabilities included in customer deposits, an amount due to an associate and interest-bearing bank borrowings.

Subsequent measurement

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

Loans and borrowings

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

Financial guarantee contracts (policies under HKFRS 9 applicable from 1 April 2018)

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 contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets (policies under HKFRS 9 applicable from 1 April 2018)"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018) *(Continued)*

Financial guarantee contracts (policies under HKAS 39 applicable before 1 April 2018)

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 (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

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 profit or loss.

Offsetting of financial instruments (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and bank 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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 and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition (applicable from 1 April 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition (applicable from 1 April 2018) *(Continued)*

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

– provides all of the benefits received and consumed simultaneously by the customer;

– creates and enhances an asset that the customer controls as the Group performs; or

– does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition (applicable from 1 April 2018) *(Continued)*

Revenue from contracts with customers (Continued)

(a) Sales of properties

Revenue from the sale of properties is recognised at the point in time when the purchasers obtained the physical possession of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

(b) Property management fee income, entrusted management fee income and utility income are recognised when the services are rendered.

Revenue from other sources

(a) rental income is recognised on a time proportion basis over the lease terms.

(b) interest income is recognised 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 instruments or a shorter period, when appropriate, to the net carrying amount of the financial assets.

Revenue recognition (applicable before 1 April 2018)

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract liabilities (applicable from 1 April 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract costs (applicable from 1 April 2018)

Other than the costs which are capitalised as investment properties, property, plant and equipment, and properties held for sale under development and completed properties held for sale, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

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 profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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.

Determining the timing of satisfaction of contracts related to the sale of properties

The Group determined that the sales contract with customers requires the Group to complete the development of property before transferring the legal title of the relevant property to customers. The Group also determined that the Group does not have an enforceable right to payment from customers for performance completed to date before the transfer of legal title of the relevant property to customers. Consequently, the Group concluded that the timing of transfer of properties is at the point in time when the purchasers obtained the physical possession or the legal title of the completed property.

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

Judgements *(Continued)*

Classification between investment properties and properties held for sale

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

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

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

Classification between investment properties and owner-occupied properties

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

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.

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

Judgements *(Continued)*

Deferred taxation on investment properties

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

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

Estimation uncertainty

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

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

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices. Particulars of the properties held for sale under development and completed properties held for sale of the Group are set out in note 17 to the financial statements.

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

Estimation uncertainty *(Continued)*

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

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

Estimation of fair value of investment properties

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

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

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

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

Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

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.

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

Estimation uncertainty *(Continued)*

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 24 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. Further details are contained in note 10 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

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

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

(c) the property and carpark management segment comprises, 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 resource 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, finance costs, gain on disposal of subsidiaries, share of profit of an associate as well as head office and corporate expenses are excluded from such measurement.

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

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

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development		Property investment		Property and carpark management		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**1,224,190**	1,567,499	**221,755**	190,266	**32,408**	23,278	**1,478,353**	1,781,043
Segment results	**559,498**	738,707	**1,051,642**	315,600	**2,498**	(405)	**1,613,638**	1,053,902
Reconciliation:								
Interest income							**13,852**	13,567
Unallocated expenses							**(64,971)**	(80,728)
Finance costs							**(118,480)**	(102,338)
Gain on disposal of subsidiaries							**–**	2,495,927
Share of profit of an associate							**317,087**	113,780
Profit before tax							**1,761,126**	3,494,110
Segment assets	**2,241,050**	2,811,157	**14,639,264**	14,092,159	**2,070,899**	1,804,319	**18,951,213**	18,707,635
Reconciliation:								
Elimination of intersegment receivables							**(2,172,744)**	(2,211,853)
Investment in a joint venture							**199**	199
Investment in an associate							**789,271**	486,711
Corporate and other unallocated assets							**1,968,895**	2,678,558
Total assets							**19,536,834**	19,661,250
Segment liabilities	**1,481,445**	2,554,429	**1,009,820**	1,055,476	**446,945**	438,789	**2,938,210**	4,048,694
Reconciliation:								
Elimination of intersegment payables							**(2,172,744)**	(2,211,853)
Corporate and other unallocated liabilities							**6,702,811**	6,361,279
Total liabilities							**7,468,277**	8,198,120

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development		Property investment		Property and carpark management		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Fair value gains on investment properties, net	**–**	–	**929,811**	229,091	**–**	–	**929,811**	229,091
Loss/(gain) on disposal of items of property, plant and equipment	**–**	–	**10**	(300)	**(4)**	–	**6**	(300)
Loss on disposal of investment properties	**–**	–	**804**	244	**–**	–	**804**	244
Depreciation	**985**	1,079	**1,736**	2,082	**2,593**	2,561	**5,314**	5,722
Capital expenditure*	**429**	104	**470,725**	399,869	**475**	227	**471,629**	400,200

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

Geographical information

(a) Revenue

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**111,689**	104,221
Mainland China	**1,366,664**	1,676,822
	1,478,353	1,781,043

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

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**3,923,186**	3,661,841
Mainland China	**10,640,417**	10,094,795
	14,563,603	13,756,636

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

5. REVENUE AND OTHER INCOME

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

An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of properties	**1,224,190**	1,567,499
Property management income	**30,832**	26,226
Revenue from other sources		
Gross rental income	**223,331**	187,318
	1,478,353	1,781,043

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 March 2019

Segments

	Property development HK$'000	Property investment HK$'000	Property and carpark management HK$'000	Total HK$'000
Types of goods or services				
Sales of properties	1,224,190	–	–	1,224,190
Property management income	–	29,257	1,575	30,832
Total revenue from contracts with customers	1,224,190	29,257	1,575	1,255,022
Geographical markets				
Hong Kong	–	–	1,575	1,575
Mainland China	1,224,190	29,257	–	1,253,447
Total revenue from contracts with customers	1,224,190	29,257	1,575	1,255,022
Timing of revenue recognition				
Goods transferred at a point in time	1,224,190	–	–	1,224,190
Services transferred over time	–	29,257	1,575	30,832
Total revenue from contracts with customers	1,224,190	29,257	1,575	1,255,022

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of properties

The performance obligation is satisfied upon the physical possession of the completed property being obtained by the purchasers.

Property management income

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year or less, or are billed based on the time incurred.

	2019	2018
	HK$'000	*HK$'000*
Other income		
Bank interest income	**13,852**	13,567
Others	**4,072**	5,074
	17,924	18,641

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2019	2018
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**187,706**	183,769
Less: Interest capitalised under properties under development/construction	**(69,226)**	(81,431)
	118,480	102,338

7. PROFIT BEFORE TAX

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

	Notes	2019 HK$'000	2018 HK$'000
Cost of properties sold		**628,919**	789,941
Depreciation	*13*	**5,314**	5,722
Minimum lease payments under operating leases#		**21,658**	19,204
Auditor's remuneration		**2,540**	2,500
Employee benefit expense (including directors' remuneration *(note 8)*):			
Wages, salaries, allowances and benefits in kind		**58,254**	73,186
Pension scheme contributions		**1,955**	1,945
		60,209	75,131
Less: Amounts capitalised under properties under development/construction		**(20,080)**	(23,300)
		40,129	51,831
Gross rental income		**(252,588)**	(212,022)
Less: Outgoing expenses#*		**115,439**	102,058
		(137,149)	(109,964)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**85,198**	80,900
Foreign exchange differences, net		**(2)**	736
Fair value gains on investment properties, net	*14*	**(929,811)**	(229,091)
Gain on disposal of subsidiaries	*28*	**–**	(2,495,927)
Loss on disposal of investment properties, net		**804**	244
Interest income		**(13,852)**	(13,567)
Loss/(gain) on disposal of items of property, plant and equipment		**6**	(300)

At 31 March 2019 and 2018, 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$21,658,000 (2018: HK$13,496,000) 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:

	2019	2018
	HK$'000	*HK$'000*
Fees	**400**	404
Other emoluments:		
Salaries, allowances and benefits in kind	**11,424**	13,479
Discretionary performance-related bonuses*	**4,800**	4,500
Pension scheme contributions	**234**	18
	16,458	17,997
	16,858	18,401

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

(a) Independent non-executive directors

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

	2019	2018
	HK$'000	*HK$'000*
Daniel Chi-Wai Tse	**100**	100
Zuo Xiang	**100**	100
William Kwan-Lim Chu (resigned on 1 January 2019)	**100**	100
	300	300

There were no other emoluments payable to the independent non-executive directors during the year (2018: 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
2019					
Executive directors:					
James Sai-Wing Wong	**–**	**–**	**–**	**–**	**–**
James Sing-Wai Wong (appointed on 13 July 2018)	**–**	**–**	**–**	**–**	**–**
Xiao-Ping Li	**–**	**6,268**	**2,000**	**–**	**8,268**
Yuen-Keung Chan (resigned on 13 July 2018)	**–**	**1,882**	**2,500**	**6**	**4,388**
Peter Chi-Chung Luk (resigned on 29 April 2019)	**–**	**3,274**	**300**	**228**	**3,802**
	–	**11,424**	**4,800**	**234**	**16,458**
Non-executive directors:					
Herman Man-Hei Fung (retired on 1 April 2018)	**–**	**–**	**–**	**–**	**–**
James Sing-Wai Wong (re-designated as executive director on 13 July 2018)	**100**	**–**	**–**	**–**	**100**
	100	**11,424**	**4,800**	**234**	**16,558**
2018					
Executive directors:					
James Sai-Wing Wong	–	–	–	–	–
Yuen-Keung Chan	–	7,419	2,500	18	9,937
Xiao-Ping Li	–	5,560	2,000	–	7,560
Peter Chi-Chung Luk (appointed on 1 February 2018)	–	500	–	–	500
	–	13,479	4,500	18	17,997
Non-executive directors:					
Herman Man-Hei Fung (retired on 1 April 2018)	–	–	–	–	–
Emily Yen Wong (resigned on 25 August 2017)	67	–	–	–	67
James Sing-Wai Wong (appointed on 25 August 2017)	37	–	–	–	37
	104	–	–	–	104
	104	13,479	4,500	18	18,101

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 three (2018: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2018: three) non-director highest paid employees are as follows:

	2019	2018
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**6,935**	10,770
Pension scheme contributions	**226**	584
	7,161	11,354

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

	Number of employees	
	2019	2018
HK$3,000,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**2**	1
HK$4,000,001 to HK$4,500,000	**–**	1
	2	3

10. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

10. INCOME TAX *(Continued)*

	2019	2018
	HK$'000	*HK$'000*
Current – Elsewhere	**138,298**	138,841
LAT in Mainland China	**99,059**	249,765
Deferred *(note 24)*	**223,207**	(3,416)
Total tax charge for the year	**460,564**	385,190

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:

	2019	2018
	HK$'000	*HK$'000*
Profit before tax	**1,761,126**	3,494,110
Tax at the statutory tax rate	**447,368**	652,890
Income not subject to tax	**(13,694)**	(455,912)
Expenses not deductible for tax	**14,027**	14,060
Tax losses utilised from previous periods	**(612)**	(1,035)
Tax losses not recognised	**17,539**	17,185
Profit attributable to an associate	**(79,272)**	(28,445)
LAT	**99,059**	249,765
Others	**(23,851)**	(63,318)
Tax charge at the Group's effective rate of 26.2% (2018: 11.0%)	**460,564**	385,190

The share of tax attributable to an associate amounting to HK$122,876,000 (2018: HK$98,143,000), is included in "share of profit of an associate" 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 2019 (2018: Nil).

11. DIVIDEND

	2019	2018
	HK$'000	*HK$'000*
Proposed final – 12.5 HK cents (2018:12.5 HK cents) per ordinary share	**90,054**	90,054
Proposed special – Nil (2018: 5 HK cents) per ordinary share	**–**	36,021
	90,054	126,075

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$1,158,507,000 (2018: HK$2,979,893,000) and the weighted average number of ordinary shares in issue during the year of 720,429,301 (2018: 720,429,301).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2019 and 2018 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the years ended 31 March 2019 and 2018.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
31 March 2019					
At 31 March 2018 and at 1 April 2018:					
Cost	93,408	2,091	17,034	10,281	122,814
Accumulated depreciation	(19,636)	(2,019)	(14,686)	(5,467)	(41,808)
Net carrying amount	73,772	72	2,348	4,814	81,006
At 1 April 2018, net of accumulated depreciation	73,772	72	2,348	4,814	81,006
Additions	–	–	756	402	1,158
Disposals	–	–	(22)	(30)	(52)
Transfer from investment properties	194,546	–	–	–	194,546
Depreciation provided during the year	(3,170)	(37)	(883)	(1,224)	(5,314)
Exchange realignment	(4,289)	–	(81)	(208)	(4,578)
At 31 March 2019, net of accumulated depreciation	260,859	35	2,118	3,754	266,766
At 31 March 2019:					
Cost	282,524	2,091	15,346	10,153	310,114
Accumulated depreciation	(21,665)	(2,056)	(13,228)	(6,399)	(43,348)
Net carrying amount	260,859	35	2,118	3,754	266,766

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

	Leasehold land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
31 March 2018					
At 1 April 2017:					
Cost	85,978	2,091	17,360	9,443	114,872
Accumulated depreciation	(14,976)	(1,980)	(13,174)	(4,069)	(34,199)
Net carrying amount	71,002	111	4,186	5,374	80,673
At 1 April 2017, net of accumulated depreciation	71,002	111	4,186	5,374	80,673
Additions	–	–	462	514	976
Disposal of subsidiaries *(note 28)*	–	–	(1,369)	–	(1,369)
Disposals	–	–	(41)	–	(41)
Depreciation provided during the year	(3,207)	(39)	(1,155)	(1,321)	(5,722)
Exchange realignment	5,977	–	265	247	6,489
At 31 March 2018, net of accumulated depreciation	73,772	72	2,348	4,814	81,006
At 31 March 2018:					
Cost	93,408	2,091	17,034	10,281	122,814
Accumulated depreciation	(19,636)	(2,019)	(14,686)	(5,467)	(41,808)
Net carrying amount	73,772	72	2,348	4,814	81,006

At 31 March 2019, certain of the Group's buildings with a net carrying amount of approximately HK$247,921,000 (2018: HK$58,592,000) were pledged to secure general banking facilities granted to the Group as detailed in note 23(a)(iii) to the financial statements.

14. INVESTMENT PROPERTIES

		2019		
	Completed investment properties at fair value	**Investment property under construction at fair value**	**Investment property under construction at cost**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At beginning of year	**6,661,309**	**6,172,840**	**841,481**	**13,675,630**
Additions	**12,975**	**251,361**	**206,135**	**470,471**
Disposal	**(2,200)**	**–**	**–**	**(2,200)**
Net gains from fair value adjustments	**53,265**	**876,546**	**–**	**929,811**
Exchange realignment	**(223,442)**	**(358,887)**	**–**	**(582,329)**
Transfer	**6,941,860**	**(6,941,860)**	**–**	**–**
Transfer to owner-occupied property	**(194,546)**	**–**	**–**	**(194,546)**
At end of year	**13,249,221**	**–**	**1,047,616**	**14,296,837**

		2018		
	Completed investment properties at fair value	Investment property under construction at fair value	Investment property under construction at cost	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year	6,336,327	5,409,091	716,866	12,462,284
Additions	9,304	265,305	124,615	399,224
Disposal of subsidiaries *(note 28)*	(217,284)	–	–	(217,284)
Disposals	(3,317)	–	–	(3,317)
Net gains from fair value adjustments	212,041	17,050	–	229,091
Exchange realignment	324,238	481,394	–	805,632
At end of year	6,661,309	6,172,840	841,481	13,675,630

14. INVESTMENT PROPERTIES *(Continued)*

The directors of the Company have determined that the Group's completed investment properties are commercial properties, based on the nature, characteristics and risks of each property. The Group's completed investment properties were revalued on 31 March 2019 based on valuations performed by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at an aggregate value of HK$13,249,221,000 (2018: HK$12,834,149,000). Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for the interim and annual financial reporting.

Certain completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 32(a) to the financial statements.

Investment properties under construction included interest expense of HK$62,156,000 (2018: HK$72,394,000) that was incurred and capitalised during the year.

Investment properties under construction are measured at cost until such time as fair value can be determined reliably or construction is completed. Based on the construction progress and the percentage of rentable area that has been pre-leased, the Group has concluded that the fair value of the investment property under construction cannot be measured reliably due to the construction and letting risks and it was therefore measured at cost in the consolidated statement of financial position.

At 31 March 2019, the Group's investment properties with an aggregate carrying value of HK$14,293,837,000 (2018: HK$13,671,530,000) were pledged to secure the banking facilities granted to the Group as detailed in note 23(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 23(a)(iv) to the financial statements.

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 2019, the carrying amount of such portion was HK$103,720,930 (2018: HK$107,901,000).

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 151 to 155.

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy

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

	Fair value measurement as at 31 March 2019 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	**–**	**–**	**13,249,221**	**13,249,221**

	Fair value measurement as at 31 March 2018 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	–	–	12,834,149	12,834,149

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2018: Nil).

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

	HK$'000
Carrying amount at 1 April 2017	11,745,418
Additions	274,609
Disposal of subsidiaries *(note 28(b))*	(217,284)
Disposals	(3,317)
Net gains from fair value adjustments	229,091
Exchange realignment	805,632
Carrying amount at 31 March 2018 and 1 April 2018	12,834,149
Additions	264,336
Disposal	(2,200)
Transfer to owner-occupied property	(194,546)
Net gains from fair value adjustments	929,811
Exchange realignment	(582,329)
Carrying amount at 31 March 2019	**13,249,221**

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

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

	Valuation techniques	Significant unobservable inputs	Range	
Commercial properties			**2019**	2018
Completed	Income capitalisation approach	Estimated rental value		
		per sq.ft. and per month (HK$)	**23 to 166**	22 to 160
		per sq.m. and per month (RMB)	**52 to 428**	52 to 427
		Capitalisation rate	**3.1% to 6.5%**	3.1% to 6.5%
	Direct comparison approach	Unit price (HK$/unit)	**3,000,000**	1,300,000 to 2,800,000
		Unit price (RMB/unit)	**80,000 to 460,000**	80,000 to 460,000
		Price per sq.ft. (HK$)	**11,100 to 13,400**	10,500 to 12,700
		Price per sq.m. (RMB)	**27,100 to 83,300**	–
	Discounted cash flow approach	Room tariff (RMB)	**470**	441
		Occupancy rate	**70%**	71%
		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%
		Estimated cost to completion per sq.m. (RMB)	**–**	920
		Developer's profit margin	**–**	2%

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Income capitalisation approach

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

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

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

Direct comparison approach

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

The valuation takes into account the characteristics of the investment properties, which include 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.

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Discounted cash flow approach

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

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

The key inputs were the 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.

15. INVESTMENT IN A JOINT VENTURE

	2019	2018
	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:

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

	2019	2018
	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

16. INVESTMENT IN AN ASSOCIATE/DUE TO AN ASSOCIATE

	2019	2018
	HK$'000	*HK$'000*
Goodwill on acquisition	**18,374**	18,374
Share of net assets	**770,897**	468,337
	789,271	486,711
Due to an associate	**15,950**	26,002

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

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

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

	2019	2018
	HK$'000	*HK$'000*
Share of the associate's profit for the year	**317,087**	113,780
Share of the associate's other comprehensive income/(loss)	**(14,527)**	15,955
Share of the associate's total comprehensive income	**302,560**	129,735
Carrying amount of the Group's investment in the associate	**789,271**	486,711

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

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

	2019	2018
	HK$'000	*HK$'000*
Completed properties held for sale	**876,556**	1,527,735
Properties held for sale under development	**1,175,043**	1,025,814
	2,051,599	2,553,549

	2019	2018
	HK$'000	*HK$'000*
Properties held for sale under development		
– expected to be recovered:		
Within one year	**361,594**	225,065
After one year	**430,181**	416,958
– pending construction expected to be recovered:		
After one year	**383,268**	383,791
	1,175,043	1,025,814

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

Properties held for sale under development and completed properties held for sale included interest expense of HK$7,070,000 (2018: HK$9,037,000) that was incurred and capitalised during the year prior to the completion of the development of the properties.

During the year, certain of the Group's properties held for sale under development with an aggregate carrying value amounting to HK$252,772,000 (2018: Nil) at the end of the reporting period were pledged to secure the banking facilities granted to the Group as detailed in note 23(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$649,911,000 (2018: HK$518,594,000) 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, the 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 151 to 155.

18. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice/contract date and net of loss allowance, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**1,900**	1,813
31 to 60 days	**1,347**	1,431
61 to 90 days	**1,370**	929
Over 90 days	**16,944**	15,973
	21,561	20,146

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. Overdue trade debts are closely monitored by management and are provided for in full in cases of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

Impairment under HKFRS 9 for the year ended 31 March 2019

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The financial impact of ECL for trade receivables under HKFRS 9 is insignificant for the year ended 31 March 2019.

18. TRADE RECEIVABLES *(Continued)*

Impairment under HKAS 39 for the year ended 31 March 2018

The ageing analysis of the trade receivables as at 31 March 2018 that were not considered to be impaired under HKAS 39 is as follows:

	2018
	HK$'000
Neither past due nor impaired	–
Within 30 days past due	1,813
31 to 90 days past due	2,360
Over 90 days past due	15,973
	20,146

Receivables that were past due but not impaired related to a number of customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered to be fully recoverable.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Prepayments	**48,937**	87,689
Deposits	**9,725**	7,297
Other receivables	**88,021**	80,989
Impairment	**(10,524)**	(10,524)
	136,159	165,451

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

Included in the above provision for impairment of other receivables is a provision for an impaired other receivable of HK$10,524,000 (2018: HK$10,524,000) with a carrying amount before provision of HK$10,524,000 (2018: HK$10,524,000) 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 relate to a large number of independent parties for whom there was no recent history of default.

The Group has applied the general approach to provide for expected credit losses for financial assets included in prepayments, deposits and other receivables. The Group considers the historical loss rate and adjusts for forward looking macroeconomic data in calculating the expected credit loss rate. The Group has classified financial assets included in prepayments, deposits and other receivables in stage 1 and continuously monitors their credit risk. As at 31 March 2019, the Group estimated the expected loss rate for financial assets included in prepayments, deposits and other receivables to be insignificant.

20. CASH AND BANK BALANCES

	2019	2018
	HK$'000	*HK$'000*
Cash and bank balances	**1,504,579**	2,540,629
Time deposits	**458,421**	137,832
	1,963,000	2,678,461

Included in cash and bank balances are restricted bank deposits of HK$76,743,000 (2018: HK$259,682,000) which can only be applied in the designated property development projects prior to the completion of their 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$693,017,000 (2018: HK$1,504,868,000). 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 are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK$28,088,000 (2018: HK$23,302,000). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**28,088**	23,302

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

22. CONTRACT LIABILITIES

Contract liabilities mainly represent sales proceeds received from buyers in connection with the Group's pre-sales of properties. The decrease in contract liabilities in 2019 was mainly due to the decrease in sales proceeds received from customers in relation to the pre-sale of properties during the year.

23. INTEREST-BEARING BANK BORROWINGS

	2019			2018		
	Effective annual interest rate (%)	**Maturity**	***HK$'000***	Effective annual interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – unsecured	**–**	**–**	**–**	4.6	2018-2019 or on demand	560,000
Bank loans – secured	**2.5-5.9**	**2019-2020 or on demand**	**1,107,931**	1.9-5.9	2018-2019 or on demand	1,646,409
			1,107,931			2,206,409
Non-current						
Bank loan – unsecured	**–**	**–**	**–**	–	–	–
Bank loans – secured	**3.3-5.9**	**2020-2028**	**3,920,286**	2.4-5.9	2019-2027	2,328,945
			3,920,286			2,328,945
			5,028,217			4,535,354

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

	2019	2018
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,107,931**	2,206,409
In the second year	**1,248,214**	904,123
In the third to fifth years, inclusive	**2,586,041**	1,333,004
Beyond five years	**86,031**	91,818
	5,028,217	4,535,354

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$14,293,837,000 (2018: HK$13,671,530,000) as detailed in note 14 to the financial statements;

(ii) mortgages over certain of the Group's properties held for sale under development which had an aggregate carrying value at the end of the reporting period amounting to HK$252,772,000 as detailed in note 17 to the financial statements (2018: Nil);

(iii) mortgages over certain of the Group's buildings, which had an aggregate carrying value at the end of the reporting period of approximately HK$247,921,000 (2018: HK$58,592,000) as detailed in note 13 to the financial statements;

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

(v) a charge over the shares of certain subsidiaries of the Group.

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

(c) Except for certain bank loans denominated in RMB equivalent to HK$1,379,182,000 (2018: HK$1,507,303,000), all bank borrowings at the end of the reporting period were denominated in Hong Kong dollars.

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

As further explained in note 37 to the financial statements, the Group's interest-bearing bank borrowings in the amount of HK$94,000,000 (2018: HK$106,000,000) 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.

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are: HK$1,013,931,000 (2018: HK$2,100,409,000) within one year or on demand; HK$1,262,214,000 (2018: HK$916,123,000) in the second year; HK$2,644,041,000 (2018: HK$1,383,004,000) in the third to fifth years, inclusive; and HK$108,031,000 (2018: HK$135,818,000) 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.

24. DEFERRED TAX

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

		2019	
	Depreciation allowance in excess of related depreciation	**Revaluation of investment properties**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 April 2018	**18,675**	**1,390,777**	**1,409,452**
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	**2,036**	**221,171**	**223,207**
Exchange realignment	**–**	**(80,614)**	**(80,614)**
At 31 March 2019	**20,711**	**1,531,334**	**1,552,045**

24. DEFERRED TAX *(Continued)*

	2018		
	Depreciation allowance in excess of related depreciation	Revaluation of investment properties	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2017	15,915	1,312,479	1,328,394
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	2,760	(6,176)	(3,416)
Disposal of a subsidiary *(note 28(b))*	–	(28,333)	(28,333)
Exchange realignment	–	112,807	112,807
At 31 March 2018	18,675	1,390,777	1,409,452

At the end of the reporting period, the Group had unrecognised deductible temporary differences of HK$992,000 (2018: HK$993,000) and unrecognised tax losses of HK$1,560,074,000 (2018: HK$1,486,935,000) available to offset against future taxable profits. The deductible temporary differences and tax losses have not been recognised, as in the opinion of the directors, it is uncertain that there will be sufficient future taxable profits available against the utilisation of these temporary differences and tax losses.

At 31 March 2019, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China and in Canada. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China and Canada for which deferred tax liabilities have not been recognised totalled HK$1,598,893,000 at 31 March 2019 (2018: HK$1,429,240,000).

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

25. SHARE CAPITAL

	2019 HK$'000	2018 HK$'000
Issued and fully paid:		
720,429,301 (2018: 720,429,301) ordinary shares	**1,519,301**	1,519,301

26. 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.

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

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

	2019	2018
Percentage of equity interest held by non-controlling interest:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**40%**	40%

	2019 HK$'000	2018 HK$'000
Profit for the year allocated to non-controlling interest:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**142,055**	129,033
Dividends paid to non-controlling interests of Guangzhou Honkwok Fuqiang Land Development Ltd.	**12,708**	413,870
Accumulated balances of non-controlling interest at the reporting dates:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**194,676**	91,358

27. PARTLY-OWNED SUBSIDIARY WITH A MATERIAL NON-CONTROLLING INTEREST *(Continued)*

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

Guangzhou Honkwok Fuqiang Land Development Ltd.

	2019	2018
	HK$'000	*HK$'000*
Revenue	**1,035,410**	1,129,306
Total expenses	**(680,272)**	(806,724)
Profit for the year	**355,138**	322,582
Total comprehensive income for the year	**290,066**	400,952
Current assets	**1,763,855**	2,767,788
Non-current assets	**622**	377
Current liabilities	**(211,340)**	(1,505,094)
Net cash flows used in operating activities	**(421,930)**	(335,946)
Net cash flows from investing activities	**4,172**	3,344
Net cash flows used in financing activities	**–**	(176,503)
Net decrease in cash and cash equivalents	**(417,758)**	(509,105)

28. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Smooth Ever Investment Limited ("Smooth Ever")

On 19 January 2017, the Company announced the decision of its board of directors to dispose of Smooth Ever Investments Limited, a wholly-owned subsidiary of the Company, and its subsidiaries ("Smooth Ever Group"). Smooth Ever Group was engaged in the property development business. The above transaction was completed in September 2017.

The net assets disposed of in the above transaction were as follows:

	Note	2018 *HK$'000*
Net assets disposed of:		
Property, plant and equipment		26
Properties held for sale under development		504,857
Prepayments, deposits and other receivables		78
Cash and bank balances		169
Due to shareholder and a group company		(375,080)
Other payables and accrued liabilities		(21)
Non-controlling interests		(64,621)
		65,408
Assignment of loans from shareholder and a group company		375,080
		440,488
Tax provision		322,945
Direct transaction costs incurred		513,120
Exchange fluctuation reserve		(69,606)
Gain on disposal of subsidiaries	7	2,378,589
		3,585,536

28. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Disposal of Smooth Ever Investment Limited ("Smooth Ever") *(Continued)*

The net assets disposed of in the above transaction were as follows: *(Continued)*

	2018 *HK$'000*
Satisfied by:	
Cash	3,585,536

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries was as follows:

	2018 *HK$'000*
Cash consideration	3,585,536
Tax provision	(302,945)
Cash and bank balances disposed of	(169)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	3,282,422

28. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of Guangzhou Jian Zhao Land Investment Co., Ltd ("Jian Zhao")

In the prior year, in January 2018, the Group entered into a sales and purchase agreement with an independent third party to dispose of its entire equity in Jian Zhao, a wholly-owned subsidiary of the Company for a consideration of RMB260,000,000 (equivalent to HK$322,185,000).

The net assets disposed of in the above transaction were as follows:

	Notes	2018 *HK$'000*
Net assets disposed of:		
Property, plant and equipment	*13*	1,369
Investment property	*14*	217,284
Prepayments, deposits and other receivables		549
Cash and bank balances		572
Due to a group company		(37,037)
Other payables and accrued liabilities		(216)
Deferred tax liabilities		(28,333)
		154,188
Assignment of loan from a group company		37,037
		191,225
Tax provision		14,754
Direct transaction costs incurred		7,326
Exchange fluctuation reserve		(8,458)
Gain on disposal of a subsidiary	*7*	117,338
		322,185
Satisfied by:		
Cash		322,185

28. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of Guangzhou Jian Zhao Land Investment Co., Ltd ("Jian Zhao") *(Continued)*

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

	2018 *HK$'000*
Cash consideration	322,185
Tax provision	(14,754)
Cash and bank balances disposed of	(572)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	306,859

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Certain additions of properties held for sale under development and completed properties held for sale of HK$295,040,000 (2018: HK$263,131,000) were not paid at the end of the reporting period and were recorded as accrued liabilities.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings ***HK$'000***
At 1 April 2017	5,409,532
Changes from financing cash flows	(990,873)
Exchange realignment	116,695
At 31 March 2018 and 1 April 2018	4,535,354
Changes from financing cash flows	580,497
Exchange realignment	(87,634)
At 31 March 2019	**5,028,217**

30. CONTINGENT LIABILITIES

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

	2019	2018
	HK$'000	*HK$'000*
Guarantee given to a bank in connection with the facility granted to an associate	**24,000**	32,000

As at 31 March 2019, the banking facility guaranteed by the Group to an associate was utilised to the extent of HK$24,000,000 (2018: HK$32,000,000).

(b) As at 31 March 2019, the Group has given guarantees of HK$198,487,000 (2018: HK$1,078,000,000) 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 2019 and 2018 for the guarantees.

31. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 23 to the financial statements.

32. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its investment properties (note 14 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from one to twenty 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 2019, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**174,276**	127,920
In the second to fifth years, inclusive	**533,253**	190,759
After five years	**738,060**	305,894
	1,445,589	624,573

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 23(a)(iv) to the financial statements.

(b) As lessee

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

At 31 March 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**30,809**	8,131
In the second to fifth years, inclusive	**30,449**	3,895
	61,258	12,026

33. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 32(b) above, the Group had the following capital commitments at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property development expenditure	**774,257**	248,970

34. RELATED PARTY TRANSACTIONS

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

		2019	2018
	Notes	***HK$'000***	*HK$'000*
Management fees paid to the immediate holding company	*(i)*	**12,327**	12,000
Development cost paid to a related company	*(ii)*	**100,810**	98,690
Consultancy fees paid to a related company	*(iii)*	**9,720**	–
Construction cost paid to a related company	*(iv)*	**69,381**	–

Notes:

(i) The management fees were charged based on the underlying costs incurred by the immediate holding company in which James Sai-Wing Wong, a director of the Company, has beneficial interests.

(ii) On 20 September 2016, Chinney Investments, the Company, Chinney Alliance Group Limited ("Chinney Alliance") and Chinney Kin Wing Holdings Limited ("Chinney Kin Wing") jointly announced that a wholly-owned subsidiary of the Company 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 Chinney Investments, the Company, 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. During the year, the Group paid development expenditure relating to foundation construction works to an indirectly wholly-owned subsidiary of Chinney Kin Wing. The above transaction was negotiated between the concerned parties by reference to prevailing market rates.

34. RELATED PARTY TRANSACTIONS *(Continued)*

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

Notes: (Continued)

(iii) *On 12 June 2018, Gold Famous entered into a consultancy agreement with Shun Cheong Data Centre Solutions, pursuant to which Shun Cheong Data Centre Solutions was appointed by Gold Famous as a consultant to provide consultancy services in respect of the construction and development of a data centre on a parcel of land owned by Gold Famous in Kwai Chung, Hong Kong (the "Data Centre Project") at a fixed fee of HK$16,200,000 (the "Consultancy Agreement"). As Chinney Investments is interested in approximately 68.09% of the issued shares of the Company and approximately 29.10% of the issued shares of Chinney Alliance and Dr. James Sai-Wing Wong is the chairman, executive director and a controlling shareholder of each of Chinney Investments, the Company and Chinney Alliance, the transaction constituted a connected transaction for each of Chinney Investments, the Company and Chinney Alliance under the Listing Rules and is subject to the reporting and announcement requirements. The consultancy fees paid to the related company was negotiated between the concerned parties by reference to prevailing market rates. The transaction constitutes a connected transaction of the Company but exempted for circular and independent shareholders' approval requirements of the Listing Rules.*

(iv) *On 12 July 2018, Gold Famous, an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with Chinney Construction Company, Limited ("Chinney Construction"), an indirect wholly-owned subsidiary of Chinney Alliance, pursuant to which Gold Famous engaged Chinney Construction to act as the contractor to carry out construction works for the Data Centre Project at a total contract sum not exceeding HK$757,800,000 (the "Framework Agreement"). As Chinney Investments is interested in approximately 68.09% of the issued shares of the Company and approximately 29.10% of the issued shares of Chinney Alliance and Dr. James Sai-Wing Wong is the chairman, executive director and a controlling shareholder of each of Chinney Investments, the Company and Chinney Alliance, the related transaction constituted a connected transaction for each of Chinney Investments, the Company and Chinney Alliance under the Listing Rules. Since the entering into of the Consultancy Agreement dated 12 June 2018 also constituted a connected transaction and pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the Consultancy Agreement and the Framework Agreement should be aggregated as a series of transactions as they were entered into within a 12-month period and involved parties which are connected with one another. The applicable percentage ratios of the Framework Agreement on both stand-alone and the basis when aggregated with the Consultancy Agreement, are more than 5% and contract sum was more than HK$10 million, the transaction is subject to the reporting, announcement and independent shareholders' approval requirements. The transaction was approved by the independent shareholders of Chinney Investments, the Company and Chinney Alliance at the general meetings held by each of the companies on 24 August 2018.*

(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 16 to the financial statements.

34. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Compensation of key management personnel of the Group

	2019	2018
	HK$'000	*HK$'000*
Short term employee benefits	**30,789**	41,703
Post-employment benefits	**1,044**	1,139
	31,833	42,842

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

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	Financial assets at amortised cost	**Loan and receivables**
	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**21,561**	20,146
Financial assets included in prepayments, deposits and other receivables	**87,222**	77,762
Cash and bank balances	**1,963,000**	2,678,461
	2,071,783	2,776,369

35. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost	
	2019	2018
	HK$'000	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	**410,339**	583,163
Interest-bearing bank borrowings	**5,028,217**	4,535,354
Financial liabilities included in customer deposits	**47,582**	30,952
Due to an associate	**15,950**	26,002
	5,502,088	5,175,471

36. FAIR VALUES OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade 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 a balance with an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 March 2019 was assessed to be insignificant.

36. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The Group did not have any financial assets measured at fair value as at 31 March 2019 and 31 March 2018.

The Group did not have any financial liabilities measured at fair value as at 31 March 2019 and 31 March 2018. As at 31 March 2019, 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$3,920,286,000 (2018: HK$2,328,945,000). 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 (2018: Nil).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

Foreign currency risk

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

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

	Change in exchange rate	**Increase/ (decrease) in profit after tax and equity**
	%	*HK$'000*
2019		
If the Hong Kong dollar weakens against RMB	**5**	**(175)**
If the Hong Kong dollar strengthens against RMB	**5**	**175**
2018		
If the Hong Kong dollar weakens against RMB	5	(176)
If the Hong Kong dollar strengthens against RMB	5	176

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

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 23 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposures should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the end of the reporting period, with all other variables held constant, of the Group's profit after tax and the Group's equity (through the impact on floating rate borrowings) and after the effect of interest being capitalised under property development projects of HK$4,799,000 (2018: HK$11,723,000).

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit after tax and equity** *HK$'000*
2019		
Hong Kong dollar	**100**	**(17,381)**
RMB	**50**	**(3,520)**
Hong Kong dollar	**(100)**	**17,381**
RMB	**(50)**	**3,520**
2018		
Hong Kong dollar	100	(8,382)
RMB	50	1,047
Hong Kong dollar	(100)	8,382
RMB	(50)	(1,047)

37. 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.

Maximum exposure and year-end staging as at 31 March 2019

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2019. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	–	–	–	21,561	21,561
Financial assets included in prepayments, deposits and other receivables					
– Normal*	97,746	–	–	–	97,746
Cash and cash equivalents	1,963,000	–	–	–	1,963,000
	2,060,746	–	–	21,561	2,082,307

* The credit quality of the financial assets included in prepayments, deposits and other receivables are considered as "normal" when they are not past due and there is no information indicating that the financial assets have significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets are considered as "doubtful".

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

Maximum exposure as at 31 March 2018

The credit risk of the Group's other financial assets, which comprise deposits, other receivables and cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the financial statements.

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

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and other fund raising exercises. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. 22% (2018: 49%) of the Group's debts, which comprise interest-bearing bank borrowings, would mature in less than one year as at 31 March 2019 based on the carrying value of borrowings reflected in the financial statements. If based on the maturity dates as set out in the loan agreements, 20% (2018: 46%) of the Group's debts would mature in less than one year.

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

			2019		
	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	4,065	406,274	–	–	410,339
Due to an associate	15,950	–	–	–	15,950
Interest-bearing bank borrowings	106,000	1,065,397	1,376,819	2,834,744	5,382,960
Financial liabilities included in customer deposits	47,582	–	–	–	47,582
Guarantee given to a bank in connection with the facility granted to an associate	24,000	–	–	–	24,000
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	198,487	–	–	–	198,487
	396,084	1,471,671	1,376,819	2,834,744	6,079,318

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

Liquidity risk *(Continued)*

			2018		
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	3,878	579,285	–	–	583,163
Due to an associate	26,002	–	–	–	26,002
Interest-bearing bank borrowings	118,000	2,218,493	966,315	1,486,546	4,789,354
Financial liabilities included in customer deposits	30,952	–	–	–	30,952
Guarantee given to a bank in connection with the facility granted to an associate	32,000	–	–	–	32,000
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	1,078,000	–	–	–	1,078,000
	1,288,832	2,797,778	966,315	1,486,546	6,539,471

In respect of interest-bearing bank borrowings of HK$106,000,000 (2018: HK$118,000,000), the loan agreements contain a repayment on demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

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

In accordance with the terms of the loans, the contractual undiscounted payments at 31 March 2019 for the interest-bearing bank borrowings in respect of the Group are HK$1,079,933,000 (2018: HK$2,232,661,000) within one year, HK$1,393,025,000 (2018: HK$980,257,000) in the second year, and HK$2,919,105,000 (2018: HK$1,585,629,000) beyond two years.

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

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 2018.

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 less cash and bank balances. The gearing ratios as at the end of the reporting periods were as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Interest-bearing bank borrowings	**5,028,217**	4,535,354
Less: Cash and bank balances	**(1,963,000)**	(2,678,461)
Net interest-bearing debt	**3,065,217**	1,856,893
Equity attributable to owners of the Company	**11,874,204**	11,372,095
Non-controlling interests	**194,353**	91,035
Total equity	**12,068,557**	11,463,130
Gearing ratio	**25%**	16%

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2019	2018
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**452**	206
Investments in subsidiaries	**1**	1
Amounts due from subsidiaries	**507,030**	496,939
Total non-current assets	**507,483**	497,146
CURRENT ASSETS		
Amounts due from subsidiaries	**2,991,361**	3,068,382
Prepayments, deposits and other receivables	**4,031**	3,509
Time deposits	**455,804**	135,099
Cash and bank balances	**545,792**	923,708
Total current assets	**3,996,988**	4,130,698
CURRENT LIABILITIES		
Amounts due to subsidiaries	**2,649,947**	2,423,273
Trade payables and accrued liabilities	**6,553**	9,382
Total current liabilities	**2,656,500**	2,432,655
NET CURRENT ASSETS	**1,340,488**	1,698,043
Net assets	**1,847,971**	2,195,189

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

	2019	2018
	HK$'000	HK$'000
EQUITY		
Equity attributable to owners of the Company		
Share capital	**1,519,301**	1,519,301
Reserves *(note)*	**328,670**	675,888
Total equity	**1,847,971**	2,195,189

James Sai-Wing Wong
Director

Philip Bing-Lun Lam
Director

Note:

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

	Capital reserve	Retained profits	Total reserves
	HK$'000	HK$'000	HK$'000
At 1 April 2017	647	623,677	624,324
Total comprehensive income for the year	–	141,618	141,618
Final 2017 dividend declared	–	(90,054)	(90,054)
At 31 March 2018 and 1 April 2018	647	675,241	675,888
Total comprehensive loss for the year	–	(221,143)	(221,143)
Final and special 2018 dividends declared	–	(126,075)	(126,075)
At 31 March 2019	**647**	**328,023**	**328,670**

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 June 2019.

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				
	2019	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
REVENUE	**1,478,353**	1,781,043	1,574,444	1,569,505	360,698
PROFIT FOR THE YEAR	**1,300,562**	3,108,920	700,779	529,238	1,890,570
Profit attributable to:					
Owners of the Company	**1,158,507**	2,979,893	584,879	460,100	1,898,184
Non-controlling interests	**142,055**	129,027	115,900	69,138	(7,614)
	1,300,562	3,108,920	700,779	529,238	1,890,570

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**19,536,834**	19,661,250	18,085,797	17,359,427	15,531,261
TOTAL LIABILITIES	**(7,468,277)**	(8,198,120)	(9,841,925)	(9,239,499)	(7,566,626)
NET ASSETS	**12,068,557**	11,463,130	8,243,872	8,119,928	7,964,635
NON-CONTROLLING INTERESTS	**(194,353)**	(91,035)	(406,947)	(307,307)	(246,440)
SHAREHOLDERS' FUNDS	**11,874,204**	11,372,095	7,836,925	7,812,621	7,718,195

GROUP I – PROPERTIES HELD FOR DEVELOPMENT

Location	Use	Site area	Gross floor area	Development progress (up to 27 June 2019)	Estimated completion date	Attributable interest of the Group
		(sq.m./sq.ft.)	*(sq.m./sq.ft.)*			*(%)*
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 3 apartments of ~81,100 sq.m. – Construction works in progress	2020	100
2. 45-65 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Residential	5,430 sq.m. (58,427 sq.ft.)	36,013 sq.m. (387,500 sq.ft.)	Foundation works in progress	2022	100
3. 67-107 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	4,025 sq.m. (43,309 sq.ft.)	41,366 sq.m. (445,098 sq.ft.)	Foundation works in progress	2022	100
4. 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.)	128,356 sq.m. (1,381,110 sq.ft.)	Under interior fitting out	2019	100

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

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

Location	Use	Site area *(sq.m./sq.ft.)*	Gross floor area *(sq.m./sq.ft.)*	Development progress (up to 27 June 2019)	Estimated completion date	Attributable interest of the Group *(%)*
MAINLAND CHINA						
5. 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.)	Phase 1 of 128,000 sq.m. – Completed Phase 2 of 96,500 sq.m. – Finishing works in progress	– 2019	20
HONG KONG						
6. 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.	Construction works in progress	2020	100
7. Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	100

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

GROUP II – COMPLETED PROPERTIES

Location	Use	Remaining unsold units	Gross floor area *(sq.m./sq.ft.)*	Car parking spaces	Attributable interest of the Group *(%)*
MAINLAND CHINA					
8. Ganghui Huating (港滙華庭) 5 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial	4-storey of commercial podium	4,157 sq.m. (44,729 sq.ft.)	71	100
9. Botanica Phases 1, 2, 3 & 4 (寶翠園一、二、三及四期) Tian He District Guangzhou Guangdong Province	Commercial	6 ground floor shops	338 sq.m. (3,637 sq.ft.)	2,145	60
10. Metropolitan Oasis Phases 1 & 2 (雅瑤綠洲第一及二期) Da Li District Nanhai Guangdong Province	Low density residential	10 apartment units and 109 town houses	34,572 sq.m. (371,995 sq.ft.)	635	100

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

GROUP III – PROPERTIES HELD FOR INVESTMENT

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartments/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
MAINLAND CHINA					
11. City Square (城市天地廣場)/ The Bauhinia Hotel (Shenzhen) (寶軒酒店(深圳)) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	5-storey of commercial podium comprising hotel and commercial	20,308 sq.m. (218,514 sq.ft.)	162 hotel rooms	Medium term lease	100
12. City Suites (寶軒公寓) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	Serviced apartments	3,692 sq.m. (39,725 sq.ft.)	64 apartment units	Medium term lease	100
13. Chongqing Hon Kwok Centre (重慶漢國中心) Lot no. B-01-03 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office	107,802 sq.m. (1,159,949 sq.ft.)	–	Medium term lease	100
14. 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	173,291 sq.m. (1,864,611 sq.ft.)	~300 hotel rooms	Medium term lease	100
15. Ganghui Dasha (港滙大廈) 3 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	13,053 sq.m. (140,450 sq.ft.)	–	Medium term lease	100

For illustration purposes, 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 apartments/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
HONG KONG					
16. Hon Kwok Jordan Centre (漢國佐敦中心) 5, 7 & 7A Hillwood Road Tsim Sha Tsui Kowloon	Commercial/ Office	62,127 sq.ft.	–	Medium term lease	100
17. The Bauhinia (寶軒)/ The Bauhinia Hotel (Central) (寶軒酒店(中環)) 119-121 Connaught Road Central & 237-241 Des Voeux Road Central Hong Kong	Serviced apartments/ Hotel/ Commercial	123,283 sq.ft.	112 apartment units and 42 hotel rooms with a total of 213 rooms	Long term lease	100
18. The Bauhinia Hotel (TST) (寶軒酒店(尖沙咀)) 5-9 Observatory Court Tsim Sha Tsui Kowloon	Hotel/ Commercial	60,893 sq.ft.	98 hotel rooms	Medium term lease	100

For illustration purposes, 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 Hon Kwok Land Investment Company, 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 Thursday, 29 August 2019 at 2:30 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 2019.

2. To declare a final dividend for the year ended 31 March 2019.

3. To re-elect 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
Ka-Yee Wan
Company Secretary

Hong Kong, 25 July 2019

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 54, 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.

5. With regard to resolution 3 in this notice, Mr. Philip Bing-Lun Lam ("Mr. Lam") and Ms. Janie Fong ("Ms. Fong"), who were appointed subsequent to the last annual general meeting of the Company, will hold office until the meeting and, being eligible, offer themselves for re-election in accordance with article 95 of the Articles of Association of the Company.

   Dr. Daniel Chi-Wai Tse ("Dr. Tse") and Mr. Zuo Xiang ("Mr. Xiang") will retire by rotation at the meeting in accordance with article 104 of the Articles of Association of the Company. Mr. Xiang, being eligible, will offer himself for re-election at the meeting, while Dr. Tse has notified the Board that he has decided not to stand for re-election at the meeting and will retire as an independent non-executive director of the Company upon conclusion of the meeting.

6. Details of the directors who stand for re-election at the meeting are set out below:–

Philip Bing-Lun Lam

Aged 76, was appointed as an executive director of the Company in April 2019. Mr. Lam began his career in 1963 with Hang Seng Bank Limited for eleven years, and then joined the University of Hong Kong ("HKU") in 1975 as an Assistant Finance Director. He then worked as the Chief Accountant and Comptroller in Overseas Bank (Canada) in Vancouver for three years from 1982 to 1985. In 1985, Mr. Lam re-joined HKU and had served as the Director of Finance from 1990 until his retirement on 30 June 2012. He was then asked by the Vice-Chancellor of HKU to be his Senior Advisor for financial, investment and fund-raising matters until June 2014, and since then, he has been the Honorary Advisor to the Chairman of The University of Hong Kong Foundation for Educational Development and Research. Mr. Lam obtained a diploma in management studies from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in July 1974. He is a fellow of The Chartered Institute of Management Accountants (UK), the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Directors and an associate of The Certified Management Accountants (Canada), The Institute of Chartered Secretaries and Administrators (UK) and The Chartered Institute of Bankers (UK).

Mr. Lam is active in community affairs and had served as a member on the Board of Review (Inland Revenue Ordinance) Hong Kong for three years from 1995 to 1998. He had been a member of the Establishment and Finance Committee of the Prince Philip Dental Hospital from early 1990s until his retirement in June 2012. Currently he is a member of the Board of Governors of the Canadian International School of Hong Kong, and a member of the Board of Governors of the Centennial College, a subsidiary of HKU. Mr. Lam is an executive director of Chinney Alliance Group Limited (stock code: 385) and Chinney Kin Wing Holdings Limited (stock code: 1556), both companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is also a director of certain subsidiaries of the Company. He is also an independent non-executive director of Oriental University City Holdings (H.K.) Limited (stock code: 8067) which is listed on the GEM of the Stock Exchange.

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

There is a service agreement entered into between the Company and Mr. Lam. He is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the articles of association of the Company. The remuneration of Mr. Lam will be determined by the Board with reference to his duties and responsibilities of the Group.

Save as disclosed above, there is no other information relating to Mr. Lam which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

6. Details of the directors who stand for re-election at the meeting are set out below:– *(Continued)*

Janie Fong

Aged 52, was appointed as an independent non-executive director of the Company in May 2019. She is the Managing Director of East West Bank, a post she has held since 2007. California-based East West Bank is a wholly-owned subsidiary of East West Bancorp, Inc., a publicly owned company in the United States of America (the "U.S."). From 2000 to 2004, Ms. Fong was appointed by the California Governor to represent the State of California in Hong Kong and the People's Republic of China (the "PRC"). Through her former post as California's Chief Representative, Ms. Fong was responsible for creating new economic, trade, and diplomatic ties between the PRC and the U.S.. Ms. Fong practiced law as a licensed California attorney up until 2000 and worked as an executive of Silicon Valley start-up companies from 1998 to 2000. Ms. Fong served on the Commission on Strategic Development of Hong Kong from 2005 to 2007. Ms. Fong was an independent non-executive director and a member of audit committee of the board of directors of AID Life Science Holdings Limited (a company listed on the GEM of the Stock Exchange with stock code: 8088) until she resigned in April 2019. Ms. Fong is a member of the Harvard Kennedy School of Government's Women's Leadership Board and currently serves as: an Advisor to ChinaSF, the China Office of the City and County of San Francisco; a member of The Hong Kong Chi Tung Association Limited; a member of the Board of Governors of the Hong Kong-America Center, an executive committee member of Hong Kong Tianjin Business and Professional Women Association, a member of The Hong Kong Federation of Women Lawyers Limited; and a member of the Asia Advisory Council of the University of California, Los Angeles (UCLA).

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

Ms. Fong has entered into a letter of appointment with the Company. Pursuant to the letter of appointment, Ms. Fong is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the articles of association of the Company. Ms. Fong is entitled to a director's fee of HK$200,000 per annum which is based on the remuneration policy of the Group.

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

6. Details of the directors who stand for re-election at the meeting are set out below:– *(Continued)*

   Zuo Xiang

   Aged 55, was appointed as an independent non-executive director of the Company in 2015. Mr. Xiang was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

   Mr. Xiang has about 30 years of experience in principal investment, structured finance, opportunistic investment, real estate finance and investment banking in the PRC and Asia Pacific. He previously served a key position in JPMorgan Global Special Opportunities Group and a senior role in The Royal Bank of Scotland and GE Capital Group. Mr. Xiang holds a Bachelor's Degree in Philosophy from Sichuan University, Chengdu, PRC, a Master's Degree in Sociology from Morehead State University, Kentucky, USA and also a Master of Business Administration Degree in Corporate Finance from Fairleigh Dickinson University, New Jersey, USA.

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

   There is no service contract between the Company and Mr. Xiang. He is entitled to a director's fee of HK$200,000 per annum.

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

7. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at any time after 12:30 p.m. on the date of the meeting, the meeting will be adjourned. The Company will post an announcement on the Company's website (www.honkwok.com.hk) and the HKEXnews website (www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting.

   The meeting will be held as scheduled when Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situations.