CHUANG'S CHINA INVESTMENTS LIMITED

ANNUAL REPORT
2019

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Up to the date hereof, the Group achieved contracted sales of property development in Hong Kong not yet recognized as revenues amounted to about HK$1,571.1 million. Additionally, the Group's revenues for the year ended 31 March 2019 increased by 14.6% to HK$199.8 million (2018: HK$174.3 million) as attributable by the following factors:

- rental and management fee income increased by about 36.5% to HK$71.1 million (2018: HK$52.1 million), mainly due to increase in rental income recorded for the investment properties in Malaysia and in the United Kingdom (the "UK"), based on the Group's strategy to strengthen its property investment portfolio;

- sales of development properties increased by 20.6% to approximately HK$71.4 million (2018: HK$59.2 million) due to increase in sales of carparks in Guangzhou, the People's Republic of China (the "PRC");

- revenues from securities investment and trading slightly decreased to about HK$42.9 million (2018: HK$44.8 million), as a result of decrease in the portfolio of bonds investment held by the Group comparing to the last corresponding year; and

- sales of cemetery assets in the PRC decreased by 10.0% to about HK$14.4 million (2018: HK$16.0 million) mainly due to the decrease in number of grave plots sold during the year.

Profit attributable to equity holders of the Company for the year ended 31 March 2019 amounted to HK$167.8 million (2018: HK$279.9 million). Earnings per share was 7.15 HK cents (2018: 11.89 HK cents).

During the year under review, gross profit increased by 10.4% to HK$139.3 million (2018: HK$126.2 million) as a result of increase in revenues. The overall gross profit margin decreased slightly from 72% to 70% which was mainly due to the decrease in proportion of revenues generated from securities investment and trading business which has a higher profit margin. The gross profit margin for each revenue segment is as follows:

	3/2019	3/2018
Rental and management fee income	**84%**	93%
Sales of development properties in the PRC	**40%**	40%
Revenues from securities investment and trading	**100%**	100%
Cemetery assets income	**57%**	54%

Results Review

Other income and net loss was about HK$1.6 million for the current year (2018: net gain of HK$27.5 million) which mainly comprised interest income, dividend income and the fair value loss of bonds investments. The decrease during the year was principally due to realized fair value loss from disposal of bond investments, and the absence of last year's one-off gain on settlement of deferred consideration through disposal of the wholly-owned subsidiaries as announced on 8 March 2018. A breakdown of other income and net loss is shown in note 7 to the consolidated financial statements of this report.

Fair value gain on transfer of properties from properties for sale to investment properties for the current year amounted to HK$6.3 million (2018: HK$232.7 million) which represented the fair value gain on reclassification of certain residential and commercial properties in Dongguan and Guangzhou respectively (2018: 22 villas in Guangzhou and the residential twin-tower in Anshan).

The Group recorded gain on change in fair value of investment properties of HK$363.8 million (2018: HK$170.8 million), mainly reflecting the development progress towards completion of the investment properties in Anshan and the improvement in property prices of the Group's investment properties in the PRC and in the UK during the year. Share of result of a joint venture of HK$24.0 million (2018: HK$10.3 million) was mainly due to the increase in profit and the change in fair value of its investment properties in Xiamen.

On the costs side, selling and marketing expenses increased to HK$37.5 million (2018: HK$8.6 million) principally due to the marketing of the pre-sale of The Esplanade in Tuen Mun, Hong Kong. Administrative and other operating expenses increased slightly by 2.9% to HK$163.6 million (2018: HK$159.0 million) as a result of the general increase in overhead and increase in activities of the Group.

Finance costs increased to HK$54.3 million (2018: HK$31.4 million) during the year due to the increase in bank borrowings and the increase in interest rates. Taxation increased to HK$107.0 million (2018: HK$87.9 million) mainly due to the increase in sales of properties recognized by the Group during the year and the deferred taxation provision arising from the increase of taxation rate in Malaysia as well as change in fair value of the Group's investment properties.

Dividends

After taking into account the working capital requirements for the Group's projects and business development, the board of Directors (the "Board") resolved to recommend for the shareholders' approval at the forthcoming annual general meeting of the Company the payment of a final dividend of 2.0 HK cents (2018: 2.0 HK cents) per share for the year ended 31 March 2019. The final dividend, if approved, will be paid on or before 31 October 2019 to the shareholders whose names appear on the Company's register of members on 11 October 2019.

An interim dividend of 1.5 HK cents (2018: 1.5 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 3.5 HK cents (2018: 3.5 HK cents) per share. Total dividend payments for the year will be HK$82.2 million (2018: HK$82.2 million).

Business Review

During the year under review, both global political and economic conditions were complex and uncertain. Against this macro backdrop, the Group will continue to identify opportunities for disposal of the investments in the UK and in Guangzhou. With the rebound of the property market in Hong Kong in the first quarter of 2019, the Group's pre-sales of the property development in Hong Kong met with positive responses. Both the property investment business and the securities and bond investment segment of the Group continued to provide steady and recurring income, despite much volatility in the securities and bond market. The following is the summary of the Group's major business updates.

Business Review

A. Investment Properties

The Group holds the following portfolio of investment properties in the PRC, the UK and Malaysia for steady recurring rental income.

CHUANG'S MID-TOWN

Anshan, Liaoning

(100% owned)

Chuang's Mid-town consists of a 6-level commercial podium providing an aggregate gross floor area ("GFA") of about 29,600 *sq. m.*. Above the podium stands a twin tower (Block AB and C) with 27 and 33-storey respectively, offering a total GFA of about 62,700 *sq. m.*. Application for occupation permit has been submitted recently and is expected to be obtained in coming months.

The Group has entered into an agreement to lease the entire commercial podium to a furniture and home finishing retailer as anchor tenant for a period of 15 years. The tenancy is expected to commence in the second half of 2019. As for the twin tower, the Group has appointed international real estate agencies as leasing agents to carry out marketing campaign as serviced apartments and office.

As at 31 March 2019, this project was recorded in the Group's financial statements based on valuation of about HK$690.3 million. On a full completion basis, market value of this project amounted to approximately RMB722 million (equivalent to approximately HK$843 million), comprising RMB287 million for the commercial podium and RMB435 million for the twin tower. Based on an estimated rental income of about RMB25 million per annum, Chuang's Mid-town will generate a rental yield of 3.5% based on market value.

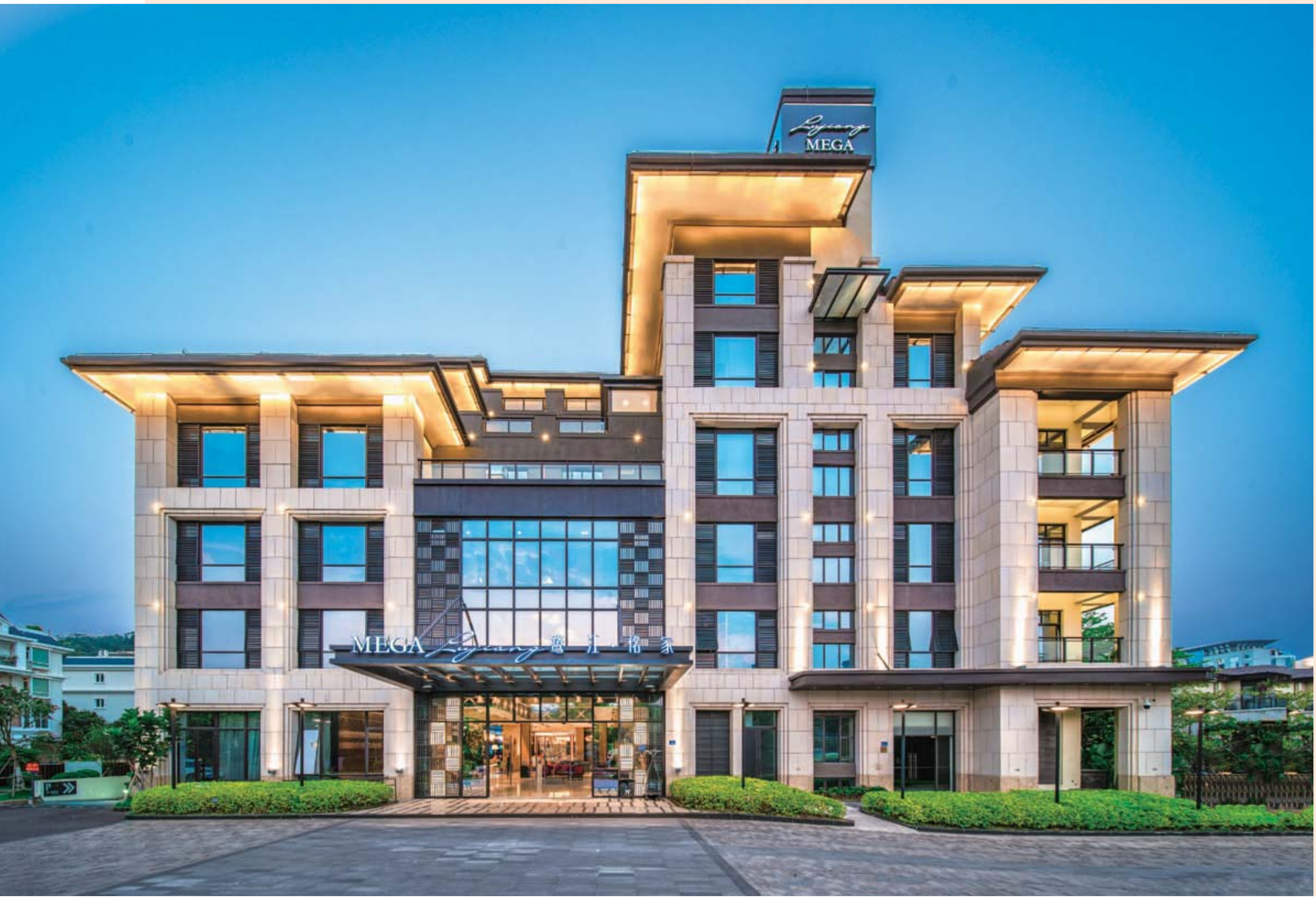
Business Review

A. Investment Properties

HOTEL AND RESORT VILLAS

Xiamen, Fujian

(59.5% owned)



The Group developed a 6-storey hotel building with 100 guest-rooms (gross area of 9,780 *sq. m.*) and 30 villas (aggregate GFA of about 9,376 *sq. m.*) in Siming District, Xiamen. As at 31 March 2019, the properties were recorded based on valuation of RMB447.8 million (comprising RMB185.7 million for the hotel and RMB262.1 million for the 30 villas). The valuation attributable to the Group was about RMB266.4 million (equivalent to approximately HK$311.0 million), whereas the total investment costs of the Group are about HK$194 million.

A. Investment Properties

HOTEL AND RESORT VILLAS

Xiamen, Fujian

(59.5% owned)

The hotel building and 30 villas are fully leased. The hotel building together with 3 villas are leased to 廈門佲家鷺江酒店 and is operated as "鷺江•佲家酒店" (Mega Lujiang Hotel). The remaining 27 villas are leased to independent third parties, of which 21 villas is operated as "亞朵S酒店" (Atour S Hotel). On the basis of the aggregate rental income of about RMB25.9 million per annum, the rental yield is approximately 5.8% based on valuation.

A. Investment Properties

HOTEL AND RESORT VILLAS

Xiamen, Fujian

(59.5% owned)

22 VILLAS AND COMMERCIAL PROPERTIES

CHUANG'S LE PAPILLON

Guangzhou, Guangdong

(100% owned)

Within the Group's property development in Guangzhou, the Group holds 22 villas (GFA of approximately 6,987 *sq. m.*) for rental purpose. As at 31 March 2019, the 22 villas were recorded at valuation of RMB246.4 million (equivalent to approximately HK$287.6 million). Marketing is in progress for leasing of the 22 villas.

In addition, the Group also holds two commercial properties, of which one (with GFA of approximately 809 *sq. m.*) was leased to an independent third party during the year, and generates steady rental income at rental yield of about 3.7% based on the valuation of RMB8.9 million (equivalent to approximately HK$10.4 million).

A. Investment Properties

COMMERCIAL PROPERTY

Shatian, Dongguan, Guangdong

(100% owned)

The Group holds a 4-storey commercial building in Shatian, Dongguan, providing a total GFA of about 4,167 *sq. m.* for commercial, retail and office usage. As at 31 March 2019, valuation of the property was RMB36.4 million (equivalent to approximately HK$42.5 million). Marketing for leasing the property for recurring rental income is in progress.

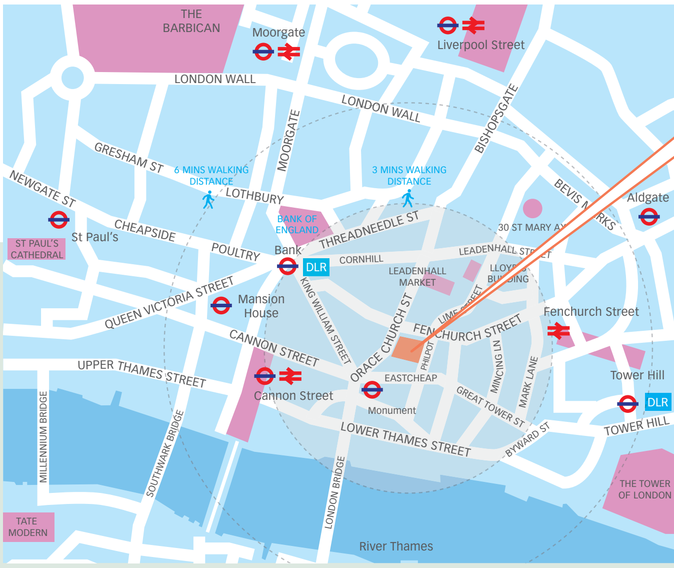
OFFICE PROPERTY

Fenchurch Street, London, UK

(100% owned)

Business Review

A. Investment Properties



10 Fenchurch Street

10 Fenchurch Street is a freehold property in the City of London, the UK. It is an 11-storey commercial building providing 77,652 *sq. ft.* of office and retail usage. As at 31 March 2019, the property was recorded at valuation of GBP104.0 million (equivalent to approximately HK$1,063.9 million), representing an increase of about 31.6% over the Group's original investment cost.

The property is fully leased to multi tenants with annual rental income of approximately GBP4.1 million (equivalent to approximately HK$41.8 million), representing a rental yield of approximately 4% based on valuation. Although investors adopted the "wait-and-see" attitude under the overhang of the Brexit, the Group is confident that potential investors will be attracted by the prime location of 10 Fenchurch Street, and the Group will adopt appropriate strategy to dispose of this investment.

WISMA CHUANG
(previously known as Central Plaza)

Jalan Sultan Ismail, Kuala Lumpur, Malaysia

(100% owned)

Wisma Chuang is located within the prime city centre, situated right next to the landmark shopping complex, Pavilion KL, the heart of central business district and prestigious shopping area of Kuala Lumpur. It is built on a freehold land and is a 29-storey high rise office building having retail and office spaces of approximately 254,000 *sq. ft.* (on total net lettable area basis is approximately 195,000 *sq. ft.*) and 298 carparking spaces. As at 31 March 2019, the valuation of this property was MYR177.5 million (equivalent to approximately HK$341.3 million), which represents an average value of approximately MYR910 (equivalent to approximately HK$1,750) per *sq. ft.* of net lettable retail and office area.

Wisma Chuang is leased to multi tenants with an occupancy rate of approximately 70%, and annual rental income is approximately MYR6.8 million (equivalent to approximately HK$13.0 million), representing a rental yield of approximately 3.8% based on valuation. The Group will continue to review the tenant mix of this property in order to further enhance its rental yield and occupancy rate.

Apart from the above investment properties, the Group will identify suitable opportunities to expand on investment properties portfolio to enhance the Group's recurring and steady income.

B. Property Development

THE ESPLANADE

Yip Wong Road, Tuen Mun, New Territories, Hong Kong

(100% owned)

The Esplanade has a site area of about 26,135 *sq. ft.* and has a developable GFA of 117,089 *sq. ft.* for residential purpose and 25,813 *sq. ft.* for commercial purpose with 47 carparking spaces. It is located along the riverside recreation park, overlooking Tuen Mun River. Along the promenade right in front of the site, it is within leisure walking distance to the nearby landmark commercial mall. Exterior works and interior works are in progress. It is expected that occupation permit will be obtained in the fourth quarter of 2019, and the handover to end-buyers on or before July 2020.

This photograph was taken on 15 June 2019 and had been edited and processed with computerized imaging techniques.

The Esplanade comprises a two-storey commercial podium, a clubhouse and a 20-storey residential building, totalling 371 residential flats, which provides 233 studio, 97 one-bedroom, 39 two-bedrooms and 2 three-bedrooms. The estimated total sales proceeds of the residential properties will amount to about HK$1,714.6 million.

Pre-sales of the residential properties were progressing satisfactorily. Up-to-date, a total of 352 units have been pre-sold at aggregate amount of about HK$1,571.1 million. These contracted sales will be recognized as revenues in the Group's financial statement when the properties are handed-over to end-buyers. Up to the date hereof, aggregate deposits amounted to HK$461.4 million have been received, and additional deposits of HK$990.8 million are expected to be received before the end of September 2019, whereas the remaining balance of HK$118.9 million will be received between October 2019 and completion of the sales. The Group intends to hold the commercial properties with total GFA of 25,813 *sq. ft.* for investment purpose.

B. Property Development

A PROPERTY DEVELOPMENT SITE

Hong Kong

(100% owned)

Subsequent to the year-end date, the Group acquired a property site at a consideration of about HK$455.0 million. The property has a site area of about 4,320 *sq. ft.* and has a developable GFA of about 39,767 *sq. ft.*. It is expected that completion of the acquisition will be in July 2019.

CHUANG'S LE PAPILLON

Guangzhou, Guangdong

(100% owned)

Chuang's Le Papillon is an integrated residential and commercial community and its development is implemented by phases. The Group has completed the development of Phase I and II, having a total GFA of approximately 260,800 *sq. m.*. It comprises 34 high-rise residential towers with a total of 2,077 flats and 22 villas, commercial properties, club houses and 1,497 carparking spaces.

The residential flats of Phase I and II have largely been sold. During the year under review, four residential duplex and 269 carparks were sold. Currently, there remains 2 duplex of about RMB10 million (equivalent to approximately HK$11 million) and 572 carparks of about RMB72 million (equivalent to approximately HK$84 million) available for sale.

For the remaining development (Phase III), the Group owns a land of over 92,000 *sq. m.* and its total plot ratio GFA was about 175,011 *sq. m.*. Land quota for development of about 119,648 *sq. m.* has been obtained. The Group will closely follow-up with the relevant PRC authorities for the land quota of the remaining 55,363 *sq. m.*. The Group will commence preparatory works on the development, while other options (including disposal) will be explored to accelerate capital return on investment in this project.

B. Property Development

CHANGAN

Dongguan, Guangdong

(100% owned)

The Group owns a site area of about 20,000 *sq. m.* in city centre of Changan (長安), Dongguan, on which an industrial building with GFA of about 39,081 *sq. m.* was erected. The property is currently leased to an independent third party until 2023, at gross rental income of about RMB6.8 million per annum. As at 31 March 2019, the property was recorded at valuation of RMB223.4 million (equivalent to approximately HK$260.8 million). On the basis of the annual rental income, the rental yield is approximately 3.0% based on valuation.

This site has been rezoned to "residential usage", and the location of this property in Changan is strategical to benefit from the Guangdong-Hong Kong-Macao Greater Bay Area. The Group will monitor the requisite procedures and strategize on the optimal timing for usage conversion application of the site. On the basis of 3.5 times plot ratio, the project will have a developable GFA of about 70,000 *sq. m.* and will be a prime land bank for future development. The Group will also consider disposal of the property when suitable opportunities arise.

CHUANG'S PLAZA

Anshan, Liaoning

(100% owned)

Adjacent to Chuang's Mid-town, the Group holds the second site located in the prime city centre of Tie Dong Qu (鐵東區). With a developable GFA of 390,000 *sq. m.*, the site will provide a mega integrated development including office towers, retail, food and beverage and entertainment facilities together with residential blocks. The Group will identify suitable options, including disposal, to accelerate capital return on this investment.

B. Property Development

CHANGSHA

Hunan

(69% owned)

The Group owns an effective 69% interests in a property development project in Changsha and the total investment costs was about HK$25.2 million (including shareholder's loan of about HK$3.6 million) as at 31 March 2019. The business license of the PRC project subsidiary has expired since 2012, and thus normal operation has halted. The Group has made keen efforts to reactivate the business license but was opposed by the minority shareholders. During the year under review, the Group has obtained ruling by the court of first instance for the grant of the winding up of the PRC project company. However, an appeal for such ruling was made by the minority shareholder and is now awaiting for the hearing dates to be affixed by the appeal court. As announced on 9 November 2018, the Company received an official civil complaint (the "Complaint") from the minority shareholder of the PRC project company against the Company and an executive director of the Company. The Complaint was heard in Hunan Province Higher People's Court in January 2019 and was adjourned awaiting for further court hearing dates to be fixed. Based on the legal advices, the Complaint was not supported by sufficient facts and/or legal basis, and that the Company has sufficient grounds to vigorously contest the Complaint. The legal advisers of the Company further advised that the Company could consider taking counterclaim against the aforesaid minority shareholder in respect of the use of false instruments in the Complaint, thus causing the Company's suffering losses and damages. Further announcement(s) about the legal proceeding will be made by the Company as and when appropriate.

CHENGDU

Sichuan

(51% owned)

The Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 31 March 2019, the Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK$171.4 million). The Group has launched legal proceedings since May 2016, seeking for court ruling to unwind this joint venture project. The court has conducted several hearings on the case, while judgement has yet to be handed down. As announced on 1 June 2018, the claims under the legal proceedings launched by the Group was increased to approximately RMB559 million (equivalent to approximately HK$653 million). Further announcement(s) about the legal proceeding will be made by the Company as and when appropriate.

Business Review

B. Property Development

FORTUNE WEALTH

Sihui, Guangdong

(86% owned)

The Fortune Wealth Memorial Park operates a cemetery in Sihui with a site area of approximately 518 mu agreed by the local government authorities. As at 31 March 2019, the book cost of this project (including non-controlling interests) was about RMB926.6 million (equivalent to approximately HK$1,081.7 million), whereas the market valuation was about RMB941.3 million (equivalent to approximately HK$1,098.9 million) as at 31 March 2019.

As at the date of this report, land use rights of approximately 248.2 mu of land had been obtained. Fortune Wealth will liaise with the local authorities for land resumption in respect of the remaining 269.8 mu. For the area encompassing the land resumption, about 150 mu will be designated for road access and greenbelts. As for the balance of 119.8 mu, Fortune Wealth shall intensively follow-up with the local authorities to allocate land quota for the grant of land use rights.

On the sale aspects, Fortune Wealth has full license for sale not only in the PRC, but also includes overseas Chinese as well as residents of Hong Kong, Macau and Taiwan. As at 31 March 2019, about 3,643 grave plots and 537 niches were available for sale. Fortune Wealth will review its sales and marketing strategy and will take more proactive steps in its brand building and customer services.

C. Securities Investments

1. Investments in CNT Group Limited ("CNT") and CPM Group Limited ("CPM")

As at the date hereof, the Group owns about 19.2% interests in CNT and about 0.6% interests in CPM, both of them are listed on the Main Board of The Stock Exchange of Hong Kong Limited. CNT and its subsidiaries are principally engaged in the property business, and through its 75% owned subsidiary, CPM, is principally engaged in the manufacture and sale of paint products under its own brand names with focus on the PRC market.

With reference to the respective closing share prices of CNT and CPM as at 31 March 2019 of HK$0.32 (31 March 2018: HK$0.43) and HK$0.5 (31 March 2018: HK$0.52), the aggregate book value of the Group's investments in CNT and CPM decreased to about HK$119.9 million (31 March 2018: HK$160.1 million). The loss in book value is accounted for as "Reserve" in the financial statements.

As announced by the Company on 12 February 2019, the Court has directed for the substantive trial of the derivative action against certain directors of CNT to be re-fixed to 9 November 2020 to 11 December 2020. Further announcement(s) about this derivative action will be made by the Company as and when appropriate.

2. Investments in high yield bonds

The Group holds the following portfolio of high yield bonds, as at 31 March 2019 with an annualized average yield of about 7%:

Stock code	Bond issuer	Face value of bonds held as at 31 March 2019 US$'000	Market value as at 31 March 2019 HK$'000	Percentage of market value to the Group's total assets as at 31 March 2019	Interest income for the year ended 31 March 2019 HK$'000	Fair value (loss)/gain for the year ended 31 March 2019 HK$'000
1638	Kaisa Group Holdings Limited (8.5%, due 2022)	4,400	32,775	0.4%	2,932	(583)
1813	KWG Group Holdings Limited (6%, due 2022)	5,000	39,579	0.5%	2,353	567
2007	Country Garden Holdings Company Limited (5.625%, due 2026)	14,000	111,096	1.4%	6,170	(1,987)
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd (5.75%, due 2022)	1,000	7,769	0.1%	225	597
3333	China Evergrande Group			2.7%		
	(a) 7.5%, due 2023	10,743	81,303		6,316	(3,117)
	(b) 8.25%, due 2022	11,600	89,651		7,493	(4,241)
	(c) 8.75%, due 2025	4,714	35,845		3,233	(2,074)

Stock code	Bond issuer	Face value of bonds held as at 31 March 2019 US$'000	Market value as at 31 March 2019 HK$'000	Percentage of market value to the Group's total assets as at 31 March 2019	Interest income for the year ended 31 March 2019 HK$'000	Fair value (loss)/gain for the year ended 31 March 2019 HK$'000
3380	Logan Property Holdings Company Limited			0.7%		
	(a) 6.875%, due 2021	4,000	32,771		1,077	1,503
	(b) 8.75%, due 2020	2,000	16,827		–	(127)
3383	Agile Group Holdings Limited (5.125%, due 2022)	10,000	77,394	1.0%	4,021	(881)
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited (5.25%, due 2021)	4,300	33,635	0.4%	1,771	22
N/A	Guangxi Financial Investment Group Co., Limited (5.75%, due 2021)	8,000	61,417	0.8%	3,578	(1,005)
	Bonds redeemed/disposed of during the year	–	–	–	3,708	–
		79,757	**620,062**	**8.0%**	**42,877**	**(11,326)**

Brief description of principal business of the respective bond issuers are as follows:

Name of company	Principal business
Kaisa Group Holdings Limited	Property development, property investment, property management, hotel and catering operations
KWG Group Holdings Limited	Property development, property investment, hotel operation and property management
Country Garden Holdings Company Limited	Property development, construction, property investment, property management and hotel operation
Guangzhou R&F Properties Co., Ltd	Development and sale of properties, property investment, hotel operations and other property development related services
China Evergrande Group	Property development, property investment, property management, hotel operations, finance business, internet business and health industry business
Logan Property Holdings Company Limited	Property development, property investment, construction and decoration and primary land development
Agile Group Holdings Limited	Property development, property investment, hotel operation, property management and environmental protection
Greenland Holdings Corporation Limited	Property development, property investment, construction and hotel operation
Guangxi Financial Investment Group Co., Limited	Provision of micro and small loans, credit guarantees, property insurance, financing leasing and others

Unrealized fair value loss was recorded by the Group principally as a result of the drop in bond prices as at 31 March 2019 when compared to that of 31 March 2018 as nearly all the bonds held by the Group were traded below par as at 31 March 2019. In the event that the Group holds the bonds up to their respective maturity dates and the bonds are being redeemed at par, the unrealized fair value loss would almost be unnecessary. In recent months, the new bonds issued for refinancing in the PRC property sector and the weaker sentiments as a result of the trade war had asserted downward pressure on the prices of the bonds held by the Group. These factors have therefore offset the high interest income generated during the year. The Group will closely monitor the performance of the bond portfolio in light of the monetary environment.

Financial Review

NET ASSET VALUE

As at 31 March 2019, the net asset value attributable to equity holders of the Company amounted to HK$4,252.9 million. Net asset value per share amounted to HK$1.81, which is calculated based on the historical cost of the Group's land bank. During the year under review, the net asset value was adversely affected by (i) the depreciation in Renminbi and other currencies resulting in a reduction of about HK$194.5 million in the exchange reserve, and (ii) the fair value loss of financial assets at fair value through other comprehensive income amounted to about HK$40.2 million.

FINANCIAL RESOURCES

As at 31 March 2019, the Group's cash, bank balances and investments held for trading amounted to HK$1,599.2 million (2018: HK$1,210.1 million). As at the same date, bank borrowings of the Group amounted to HK$2,081.3 million (2018: HK$1,632.5 million). Accordingly, the Group's net debt was about HK$482.1 million (2018: HK$422.4 million) and the net debt to equity ratio was 11.3% (2018: 9.6%), expressed as a percentage of bank borrowings net of cash, bank balances and investments held for trading over net assets attributable to equity holders of the Company.

Approximately 85.9% of the Group's cash, bank balances and investments held for trading were in Hong Kong dollar and United States dollar, 11.7% were in Renminbi and the balance of 2.4% were in other currencies. Approximately 69.0% of the Group's bank borrowings were in Hong Kong dollar, 24.3% were in British Pound Sterling, and the remaining of 6.7% were in Malaysia Ringgit.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 38.8% of the Group's bank borrowings were repayable within the first year, 6.2% were repayable within the second year and the balance of 55.0% were repayable within the third to fifth years.

FOREIGN EXCHANGE RISK

As disclosed in the "Business Review" section of this report, besides Hong Kong, the Group also conducts its businesses in the PRC, Malaysia and the UK, with the income and the major cost items in those places being denominated in their local foreign currencies. Therefore, it is expected that any fluctuation of these foreign currencies' exchange rates would not have material effect on the operations of the Group. However, as the Group's consolidated financial statements are presented in Hong Kong dollar, the Group's financial position is subject to exchange exposure to these foreign currencies. The Group would closely monitor this risk exposure from time to time.

PROSPECTS

Apart from seeking new opportunities to replenish land bank for property development, the Group will also identify suitable investments to expand our investment property portfolio, in order to enhance steady and recurring rental income. As for geographical coverage, the Group will identify opportunities not only in Hong Kong but also on cities in the PRC with focus on the Guangdong-Hong Kong-Macao Greater Bay Area and will actively diversify to overseas countries especially along the Belt and Road Initiatives. The Group will diversify to other businesses with steady income, expand the Group's sources of revenue, enhance the Group's profitability, and maximize return for its shareholders.

STAFF

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 31 March 2019, the Group employed 170 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

APPRECIATION

On behalf of the Board, I would like to thank my fellow Directors and our dedicated staff for their hard work and contribution during the year.

Albert Chuang Ka Pun
Chairman

Hong Kong, 25 June 2019

CORPORATE

INFORMATION

Honorary Chairman	Abraham Shek Lai Him, G.B.S., J.P.
Directors	Albert Chuang Ka Pun *(Chairman)* Ann Li Mee Sum *(Deputy Chairman)* Chong Ka Fung *(Managing Director)* Sunny Pang Chun Kit Geoffrey Chuang Ka Kam Neville Charles Kotewall Dominic Lai[@] Abraham Shek Lai Him, G.B.S., J.P.* David Chu Yu Lin, S.B.S., J.P.* Andrew Fan Chun Wah, J.P.* Eddy Li Sau Hung, G.B.S., J.P.* Ng Kit Chong, M.H.* @ *Non-Executive Director* * *Independent Non-Executive Directors*
Audit Committee	Abraham Shek Lai Him, G.B.S., J.P.# David Chu Yu Lin, S.B.S., J.P. Andrew Fan Chun Wah, J.P. Eddy Li Sau Hung, G.B.S., J.P.
Nomination Committee	Abraham Shek Lai Him, G.B.S., J.P.# David Chu Yu Lin, S.B.S., J.P. Andrew Fan Chun Wah, J.P. Ng Kit Chong, M.H.
Remuneration Committee	Abraham Shek Lai Him, G.B.S., J.P.# David Chu Yu Lin, S.B.S., J.P. Andrew Fan Chun Wah, J.P.
Corporate Governance Committee	Albert Chuang Ka Pun# Ann Li Mee Sum Chong Ka Fung
Company Secretary	Lee Wai Ching
Independent Auditor	PricewaterhouseCoopers 22nd Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

Chairman of the relevant committee

Registrars	**Bermuda:** MUFG Fund Services (Bermuda) Limited The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda **Hong Kong:** Tricor Progressive Limited Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited HSBC Bank (China) Company Limited Hang Seng Bank Limited Hang Seng Bank (China) Limited Bank of China (Hong Kong) Limited Nanyang Commercial Bank, Limited
Registered Office	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Principal Office in Hong Kong	25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong Telephone: (852) 2522 2013 Facsimile: (852) 2810 6213 Email address: chuangs@chuangs.com.hk Website: *www.chuangs-china.com*

Offices in the People's Republic of China (the "PRC")

Beijing Office
Chuang's (Beijing) Investment Services Limited
Room 105, Building 4,
Yushuguan Xili, Xicheng District,
Beijing, the PRC

Shenzhen Office
Room F, 23rd Floor, Noble Center,
No. 1006, 3rd Fuzhong Road,
Futian District,
Shenzhen, the PRC

Guangzhou Office
Guangzhou Panyu Chuang's Real Estate Development Company Limited
No. 126, Liangang Road, Guangzhou,
Guangdong, the PRC

Dongguan Office
Dongguan Chuang's Investment Limited
1st Floor, Chuang's New City Administration Building,
No. 8 Chuang's Road, Dongguan,
Guangdong, the PRC

Anshan Office
Anshan Chuang's Property Development Company Limited
Anshan Chuang's Real Estate Development Company Limited
No. 738 Jian Guo Road,
Tie Dong Qu, Anshan,
Liaoning, the PRC

Chengdu Office
Chengdu Chuang's Investment Services Limited
Room 10A, 10th Floor,
Tower 2, Block 13, Bi Yun Tian,
No. 1 Bi Yun Road,
Wu Hou Qu, Chengdu,
Sichuan, the PRC

Changsha Office
Room 2205, Da Hua Building,
No. 528 Lao Dong West Road,
Yu Hua District, Changsha,
Hunan, the PRC

Offices in the PRC (continued)	**Xiamen Office** Xiamen Mingjia Binhai Resort Company Limited No. 382 Long Hu Shan Road, Siming District, Xiamen, Fujian, the PRC **Sihui Office** Fortune Wealth Memorial Park (Si Hui) Limited Jiang Gu, Sihui, Guangdong, the PRC
Office in Malaysia	Suite 16.05, 16th Floor, Wisma Chuang, 34 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia
Sales Office in Hong Kong	**The Esplanade Sales Office** Basement floor Chuang's London Plaza No. 219 Nathan Road Tsim Sha Tsui Hong Kong
Sales Offices in the PRC	**Chuang's Le Papillon Sales Office** No. 126, Liangang Road, Guangzhou, Guangdong, the PRC **Chuang's Mid-town Sales Office** No. 738 Jian Guo Road, Tie Dong Qu, Anshan, Liaoning, the PRC **Fortune Wealth Sales Office** Jiang Gu, Sihui, Guangdong, the PRC
Stock Code	298

BIOGRAPHICAL DETAILS

OF DIRECTORS AND SENIOR MANAGEMENT

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Albert Chuang Ka Pun (aged 39), the chairman, has over 15 years of experience in property business and general management. He is also the vice chairman of Chuang's Consortium International Limited ("Chuang's Consortium", the controlling shareholder of the Company) which is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He holds a Bachelor degree of Arts with major in Economics. He is a committee member (the Hong Kong Special Administrative Region) of the Tianjin Municipal Committee of the Chinese People's Political Consultative Conference and the Twelfth All-China Youth Federation. Mr. Albert Chuang Ka Pun is the son of Mr. Alan Chuang Shaw Swee (the chairman of Chuang's Consortium). He is also the brother of Mr. Chong Ka Fung, Mrs. Candy Kotewall Chuang Ka Wai (the spouse of Mr. Neville Charles Kotewall and an executive director of Chuang's Consortium) and Mr. Geoffrey Chuang Ka Kam; and the brother-in-law of Mr. Neville Charles Kotewall. He joined the Group in 2008.

Miss Ann Li Mee Sum (aged 58), the deputy chairman, has over 33 years of experience in finance, corporate finance and business management. She holds a Master degree in Business Administration and is a fellow member of the Chartered Institute of Management Accountants. She joined the Group in 1999.

Mr. Chong Ka Fung (aged 34), the managing director, has over 9 years of experience in architecture, interior design and general management. He is also a joint managing director of Chuang's Consortium. He holds a Bachelor degree of Fine Arts in Architecture Design covering architecture; interior; and urban planning. He is a director of The Chinese General Chamber of Commerce and the Hong Kong Chang Sha Chamber of Commerce, the vice chairman of Hong Kong Huian Natives Association, the deputy secretary general of the Hunan Youth Federation, a committee member of The Y. Elites Association Limited and a member of China Green Building (Hong Kong) Council and the Hong Kong–Shanghai Youth Exchange Promotion Association. Mr. Chong Ka Fung is the son of Mr. Alan Chuang Shaw Swee. He is also the brother of Mr. Albert Chuang Ka Pun, Mrs. Candy Kotewall Chuang Ka Wai and Mr. Geoffrey Chuang Ka Kam; and the brother-in-law of Mr. Neville Charles Kotewall. He joined the Group in 2012.

Mr. Sunny Pang Chun Kit (aged 61), an executive director, has over 41 years of experience in construction and real estate development business. He holds a Master of Science degree in Construction and Project Management and is a member of the Chartered Institute of Building and the Architects and Surveyors Institute, United Kingdom and an associate member of the Hong Kong Institution of Engineers. He joined the Group in 1992.

Executive Directors (continued)

Mr. Geoffrey Chuang Ka Kam (aged 31), an executive director, has 10 years of experience in financial and general management. He is also an executive director of Chuang's Consortium. He holds a Bachelor degree of Arts with major in Economics. Mr. Geoffrey Chuang Ka Kam is the son of Mr. Alan Chuang Shaw Swee, the brother of Mr. Albert Chuang Ka Pun, Mrs. Candy Kotewall Chuang Ka Wai and Mr. Chong Ka Fung; and the brother-in-law of Mr. Neville Charles Kotewall. He joined the board in December 2017.

Mr. Neville Charles Kotewall (aged 38), an executive director, has 8 years of experience in asset management, wealth management, corporate and investment banking and manufacturing business. He also has experiences in managing entrepreneurial ventures in the information technology, beverage, music and real estate industries. He holds a Bachelor of Science degree in Information Systems and a Master of Science degree in Investment Management. Mr. Kotewall is the spouse of Mrs. Candy Kotewall Chuang Ka Wai (the sister of Mr. Albert Chuang Ka Pun, Mr. Chong Ka Fung and Mr. Geoffrey Chuang Ka Kam and the daughter of Mr. Alan Chuang Shaw Swee); the brother-in-law of Mr. Albert Chuang Ka Pun, Mr. Chong Ka Fung and Mr. Geoffrey Chuang Ka Kam; and the son-in-law of Mr. Alan Chuang Shaw Swee. He joined the board in March 2019.

Non-Executive Director

Mr. Dominic Lai[1] (aged 72), was appointed as a non-executive director in December 2017. He is a practising solicitor in Hong Kong and is admitted as a solicitor in England and Wales, the Republic of Singapore and the States of New South Wales and Victoria, Australia. Mr. Lai is currently a non-executive director of NWS Holdings Limited and Oriental Press Group Limited, both are listed on the Stock Exchange.

1 *also known as Dominic Lai Wing or Lai Hing Chiu*

Independent Non-Executive Directors

Mr. Abraham Shek Lai Him[2] G.B.S., J.P., (aged 74), was appointed as an independent non-executive director of the Company in April 2008. He acted as the honorary chairman of the Company since 29 April 2019 following his retirement from his position as the chairman. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Court of The Hong Kong University of Science & Technology, the Court and the Council of The University of Hong Kong, a non-executive director of the Mandatory Provident Fund Schemes Authority of Hong Kong and a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption. He holds a Bachelor degree of Arts. He is also an independent non-executive director of Chuang's Consortium, Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, SJM Holdings Limited, ITC Properties Group Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited, Cosmopolitan International Holdings Limited, Goldin Financial Holdings Limited, Everbright Grand China Assets Limited, CSI Properties Limited and Far East Consortium International Limited, all are listed on the Stock Exchange. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, and Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust, both trusts are listed on the Stock Exchange.

Mr. David Chu Yu Lin S.B.S., J.P., (aged 75), was appointed as an independent non-executive director in 1997. Mr. Chu has extensive experience in finance, banking and property investment. He holds a Bachelor of Science degree and a Master of Science degree, both from Northeastern University, and a Master of Business Administration degree from Harvard University. Mr. Chu was conferred with an Honorary Doctorate Degree in Public Service by the Northeastern University. He is also an independent non-executive director of Chuang's Consortium, AVIC International Holding (HK) Limited and Zhuhai Holdings Investment Group Limited, all are listed on the Stock Exchange. Mr. Chu was elected as a deputy of the Hong Kong Special Administrative Region to the 10th National Congress of the PRC.

[2] *also known as Abraham Razack*

Independent Non-Executive Directors (continued)

Mr. Andrew Fan Chun Wah J.P., (aged 40), was appointed as an independent non-executive director in 2013. He is a practising certified public accountant in Hong Kong with over 13 years of experience. He holds a Bachelor degree of Business Administration (accounting and finance) and a Bachelor degree in Laws. Mr. Fan is a member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Fan is an independent non-executive director of Sinomax Group Limited, Fulum Group Holdings Limited, Culturecom Holdings Limited, Nameson Holdings Limited, Omnibridge Holdings Limited, Sanbase Corporation Limited, Space Group Holdings Limited, CNC Holdings Limited and Universal Star (Holdings) Limited, all are listed on the Stock Exchange. He is also a committee member of the tenth to twelfth Chinese People's Political Consultative Conference of the Zhejiang Province, the fourth and fifth Chinese People's Political Consultative Conference of Shenzhen and the vice chairman of Zhejiang Province United Youth Association.

Dr. Eddy Li Sau Hung G.B.S., J.P., (aged 64), was appointed as an independent non-executive director in December 2017. He has over 34 years of experience in the manufacturing business. He is the permanent honorary president of the Chinese Manufacturers' Association of Hong Kong and the president of Hong Kong Economic & Trade Association. Dr. Li holds a Master degree in Business Administration and a Ph.D. degree in Economics. He was the 1991 awardee of The Ten Outstanding Young Persons and the 1993 awardee of Young Industrialists of Hong Kong. He is currently an independent non-executive director of Oriental Watch Holdings Limited and Man Yue Technology Holdings Limited, both are listed on the Stock Exchange.

Dr. Ng Kit Chong M.H., (aged 44), was appointed as an independent non-executive director in May 2019. He has over 20 years of experience in information technology. He holds a Ph.D. and a bachelor degree of Engineering in Manufacturing Engineering from The Hong Kong Polytechnic University and post-doctorate research degree from Tsing Hua University. Dr. Ng is the founder and chairman of Goldford Business Inc., which engages in technology, media and telecommunication, education and creative industries. He is a member of Hong Kong Art Development Council, Private Columbaria Licensing Board and Employees Retraining Board. He is an adjunct professor of The Hong Kong Polytechnic University. He is a convener of Hong Kong Youth Synergy Foundation, a founding convener of Young Professionals Alliance, a committee member of Chinese People's Political Consultative Conference and Guangdong-People's Political Consultative Committee, a standing committee member of All-China Youth Federation and The Chinese Association of Young Scientists and Technologists and a vice-president of Guangdong Youth Federation. Dr. Ng was awarded Ten Outstanding Young Digi Person in Hong Kong in 2000, the Innovative Entrepreneur of the Year for 2003 sponsored by Hong Kong Science and Technology Park, and the Top Ten Outstanding Cantonese Youth in Guangzhou in 2013.

Senior Management

Mr. Huang Shi Zhao (aged 63), the general manager of the Group's operation in Guangdong, the PRC. He has over 45 years of experience in legal field, electrical engineering, property development, construction project, administration and management. He is a university graduate in PRC laws and is a National Constructor (Class II) in the PRC. He is the president of The Association of Foreign Investment Enterprises of Shatian, Dongguan and the supervisor of Guangdong Quangang Association for Economic & Cultural Advancement. He joined the Group in 1993.

Mr. Chen Feng (aged 37), the general manager of the Group's development project in Panyu, the PRC. He has over 12 years of experience in construction project management. He holds a Master degree in construction management. He joined the Group in 2007.

Mr. Guo Caihong (aged 49), the general manager of the Group's development project in Anshan, the PRC. He has 27 years of experience in project planning, design and management. He joined the Group in 1992.

Mr. Zhuang Xue Nong (aged 45), the general manager of the Group's cemetery project in Guangdong, the PRC. He has over 24 years of experience in real estate and project management, construction, administration, marketing and finance. He holds a postgraduate certificate in Economic Management. He joined the Group in 2003.

Mr. Ting Lik (aged 45), the assistant director of the Company, has over 11 years of experience in business development, strategy planning and corporate management. He holds a Bachelor degree of Art in Political Science. He joined the Group in 2007.

Mr. Andrew Ho Kar Kin (aged 36), the financial controller, has over 14 years of experience in finance, accounting and auditing. He holds a bachelor degree in Accountancy. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England & Wales. He joined the Group in 2009.

Ms. Lee Wai Ching (aged 58), the company secretary, has over 35 years of experience in corporate services and office administration. She holds a Master degree in Business Administration and a Master degree in Laws. She is a fellow of both the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries. She joined the Group in 1998.

Mr. Ng Kek Chong (aged 61), the chief executive officer of the Malaysia office, is responsible for the Group's operation in Malaysia. He has over 37 years of experience in project management and property development. He holds a bachelor degree in architecture and is a member of the Malaysian Institute of Architects. He joined the Group's Malaysia office in 1994.

CORPORATE
GOVERNANCE REPORT

Corporate Governance Report

Introduction

The Company is committed to achieving a high standard of corporate governance that properly protects and promotes the interests of its shareholders.

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Report on corporate governance practices

(A) The Board

The board of Directors (the “Board”) is responsible for overseeing the business and strategies of the Company and its subsidiaries (collectively as the “Group”) with the objective of enhancing value for its shareholders.

A new Board diversity policy (the “Board Diversity Policy”) and a nomination policy (the "Nomination Policy") have been approved by the Board with effect from 1 January 2019.

A summary of the Board Diversity Policy is extracted below:

The Company continuously seeks to enhance the effectiveness of its Board and to maintain high standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy for sustainable and balanced development. In designing the Board’s composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience and skills. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Board selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience and skills. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will report annually, in the Corporate Governance Report, on the Board’s composition under diversified perspectives, and monitor the implementation of this Board Diversity Policy to ensure that recruitment and selection practices are appropriately structured so that a diverse range of candidates are considered.

The Nomination Committee will review this Board Diversity Policy, as appropriate, to ensure the effectiveness of this Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Report on corporate governance practices (continued)

(A) The Board (continued)

A summary of the selection criteria and nomination procedures as set out in the Nomination Policy and adopted by the Nomination Committee is extracted below:

Selection Criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate.

- Reputation for integrity
- Accomplishment and experience in the industry which the Group operates
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, professional experience and skills

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Nomination Procedures

The secretary of the Nomination Committee shall call a meeting of the Nomination Committee after receiving nominations of candidates from the management of the Company for consideration by the Nomination Committee by way of meeting or by way of resolution in writing of all members of the Nomination Committee.

- For filling a casual vacancy and/or as an addition to the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.
- Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.
- In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, a circular will be sent to shareholders. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the Listing Rules, applicable laws, rules and regulations, of the proposed candidates will be included in the circular to shareholders.

Report on corporate governance practices (continued)

(A) The Board (continued)

Nomination Procedures (continued)

- A shareholder can serve a notice to the Company Secretary within the lodgement period of its intention to propose a resolution to elect a certain person as a director, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the shareholder circular in accordance with Bye-law no. 88 of the Company. The particulars of the candidates so proposed will be sent to all shareholders for information by a supplementary circular, if necessary.

- A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the Company Secretary.

- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee will monitor and review the Nomination Policy, as appropriate, to ensure that the Nomination Policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice.

Report on corporate governance practices (continued)

(A) The Board (continued)

(i) Board composition

The Board comprises 12 Directors as at the date of this report. The Board members are as follows:

Name	Position
Mr. Albert Chuang Ka Pun* ("Mr. Albert Chuang")	Chairman
Miss Ann Li Mee Sum ("Miss Ann Li")	Deputy Chairman
Mr. Chong Ka Fung* ("Mr. Edwin Chong")	Managing Director
Mr. Sunny Pang Chun Kit ("Mr. Sunny Pang")	Executive Director
Mr. Geoffrey Chuang Ka Kam* ("Mr. Geoffrey Chuang")	Executive Director
Mr. Neville Charles Kotewall* ("Mr. Neville Kotewall") (appointed on 7 March 2019)	Executive Director
Mr. Dominic Lai	Non-Executive Director
Mr. Abraham Shek Lai Him ("Mr. Abraham Shek")	Independent Non-Executive Director
Mr. David Chu Yu Lin ("Mr. David Chu")	Independent Non-Executive Director
Mr. Andrew Fan Chun Wah ("Mr. Andrew Fan")	Independent Non-Executive Director
Dr. Eddy Li Sau Hung ("Dr. Eddy Li")	Independent Non-Executive Director
Dr. Ng Kit Chong ("Dr. Johnny Ng") (appointed on 8 May 2019)	Independent Non-Executive Director

* *Mr. Albert Chuang, Mr. Edwin Chong and Mr. Geoffrey Chuang are siblings. Mr. Neville Kotewall is the brother-in-law of Mr. Albert Chuang, Mr. Edwin Chong and Mr. Geoffrey Chuang.*

The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business of the Group. The Board has on a regular basis reviewed the composition of the Board and the skills and experience required for all the Executive, Non-Executive and Independent Non-Executive Directors of the Board, in the context of the business and strategies of the Company. Each of the Directors' respective biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

(ii) Appointment, re-election and removal of Directors

There are formal, considered and transparent procedures for the appointment and removal of Directors. All Directors newly appointed to fill a casual vacancy are subject to election at the first general meeting after their appointment. Every Director is subject to retirement by rotation at least once every three years. All Non-Executive and Independent Non-Executive Directors are appointed for a term of three years, subject to retirement by rotation as aforesaid.

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(A) The Board (continued)

(iii) Nomination Committee

A Nomination Committee was established by the Company with clear terms of reference. The Nomination Committee currently comprises four Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu, Mr. Andrew Fan and Dr. Johnny Ng. The committee met once during the year to review the structure, size and composition of the Board and to assess the independence of each Independent Non-Executive Director.

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Mr. Abraham Shek*	1/1
Mr. David Chu	1/1
Mr. Andrew Fan	1/1
Dr. Johnny Ng (appointed on 8 May 2019)	N/A

* *Chairman of the Nomination Committee*

The Nomination Committee has reviewed and approved the proposals for the appointments of Mr. Neville Kotewall and Dr. Johnny Ng as the directors of the Company. The appointments were made by reference to the Board Diversity Policy and the Nomination Policy of the Company.

(iv) Board meetings

The Board held five meetings during the year. Arrangements were in place to ensure that sufficient notice and adequate information were given to each Director prior to the Board meetings. The Chairman, together with the Deputy Chairman and the Managing Director, established the agenda for each Board meeting. Other Directors were invited to include items in the agenda. Minutes of Board meetings were kept in sufficient details to reflect the decisions made in the relevant meetings.

The attendance record of each Director in Board meetings is as follows:

Name	Position	No. of meetings attended/held
Mr. Albert Chuang	Chairman	5/5
Miss Ann Li	Deputy Chairman	5/5
Mr. Edwin Chong	Managing Director	5/5
Mr. Sunny Pang	Executive Director	5/5
Mr. Geoffrey Chuang	Executive Director	5/5
Mr. Neville Kotewall (appointed on 7 March 2019)	Executive Director	N/A
Mr. Dominic Lai	Non-Executive Director	5/5
Mr. Abraham Shek	Independent Non-Executive Director	4/5
Mr. David Chu	Independent Non-Executive Director	5/5
Mr. Andrew Fan	Independent Non-Executive Director	5/5
Dr. Eddy Li	Independent Non-Executive Director	5/5
Dr. Johnny Ng (appointed on 8 May 2019)	Independent Non-Executive Director	N/A

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(A) The Board (continued)

(v) Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are separated. Currently, Mr. Albert Chuang is the Chairman and Mr. Edwin Chong, the Managing Director, is the Chief Executive Officer. Mr. Abraham Shek retired from the position of the Chairman on 29 April 2019. Mr. Edwin Chong was re-designated as the Managing Director on 29 April 2019.

(vi) Responsibilities of Directors

Each Director of the Company is required to keep abreast of his/her responsibilities as a Director of the Company and each Director is provided in a timely manner with appropriate information of the Group to enable him/her to make an informed decision and to discharge his/her duties and responsibilities as a Director of the Company. On appointment, new Directors will be given a comprehensive induction to the Group's business.

(vii) Directors' dealings in securities

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company, the Company received confirmations from all Directors that they have complied with the required standard as set out in the Model Code.

(viii) Independence of Independent Non-Executive Directors

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-Executive Directors are independent.

Report on corporate governance practices (continued)

(A) The Board (continued)

(ix) Directors' training

According to the code provision A.6.5 of the CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors of the Company.

During the year, the Company had arranged seminar and provided reading materials to the Directors that are relevant to their duties and responsibilities. A summary of the training record of each Director received by the Company is as follows:

Name	Reading regulatory updates relating to the director's duties and responsibilities or information relevant to the Group or its business	Reading newspapers, journals and updates relating to the economy, environment and social issues or the director's duties and responsibilities	Attending in-house seminar(s) or seminar(s) organized by external professional institution(s) or attending conference(s) relevant to the director's duties and responsibilities
Mr. Albert Chuang	✓	✓	✓
Miss Ann Li	✓	✓	✓
Mr. Edwin Chong	✓	✓	✓
Mr. Sunny Pang	✓	✓	✓
Mr. Geoffrey Chuang	✓	✓	✓
Mr. Neville Kotewall (appointed on 7 March 2019)	✓	✓	✓
Mr. Dominic Lai	✓	✓	✓
Mr. Abraham Shek	✓	✓	✓
Mr. David Chu	✓	✓	✓
Mr. Andrew Fan	✓	✓	✓
Dr. Eddy Li	✓	✓	✓
Dr. Johnny Ng (appointed on 8 May 2019)	N/A	N/A	N/A

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(B) Remuneration of Directors and senior management

(i) Remuneration policy of Executive Directors and senior management

The Group's remuneration policy seeks to provide a fair market remuneration so as to attract, retain and motivate high quality staff. The Group will set levels of remuneration to ensure comparability and competitiveness with companies competing within a similar talent pool.

(ii) Fees paid to Non-Executive Directors

The former Chairman, being an Independent Non-Executive Director, entitles to an annual fee of HK$300,000. Each of the other Non-Executive Directors of the Company entitles to an annual fee of HK$120,000. In determining such fee, the Board has taken into account the current market conditions. Such fee is also subject to shareholders' approval in annual general meetings.

(iii) Remuneration Committee

A Remuneration Committee was established by the Company with clear terms of reference and is responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the Company's establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee comprises three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu and Mr. Andrew Fan. The committee met once during the year to review the remuneration policy of the Group and the management's remuneration proposals with reference to the Board's corporate goals and objectives. The committee performs an advisory role to the Board with the Board retaining the final authority to approve the remuneration packages of Directors and senior management and the model (c)(ii) as stipulated in code provision B.1.2 of the CG Code was adopted.

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Mr. Abraham Shek*	1/1
Mr. David Chu	1/1
Mr. Andrew Fan	1/1

* *Chairman of the Remuneration Committee*

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(C) Accountability and audit

(i) Financial reporting

The Board acknowledges that it is its responsibility to prepare the consolidated financial statements and to present a balanced, clear and comprehensive assessment of the performance, position and prospects of the Group in the interim and annual reports of the Group.

The reporting responsibility of the Company's auditor on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" on pages 92 to 99 of this annual report.

(ii) Risk management and internal control

(a) Responsibilities of the Board and management

The Board acknowledges that it is responsible for maintaining an appropriate and effective risk management and internal control systems in the Group and reviewing the systems effectiveness to safeguard the Group's assets and shareholders' interests. These risk management and internal control systems can only reasonably, but do not absolutely ensure the non-occurrence of material misstatement, significant loss, error or fraud and they are designed to manage, rather than eliminate the risk of failure in the Group's operational systems to achieve its business objectives.

Management of the Company is responsible for designing, implementing and monitoring the risk management and internal control systems; and providing confirmation to the Audit Committee on the systems effectiveness through the completion of controls self-assessment on key business processes in the Group.

(b) Risk Management

To provide sound and effective risk management, the Board has established an enterprise risk management framework which includes the following key features:

- Risk Governance Structure

  The Group's risk governance structure comprises of day-to-day operational management and control, risk and compliance oversight, and independent assurance. The Group has developed a risk management policy which outlines the principles and procedures for the Group to manage its risks and also clearly defines roles and responsibilities of each of the multiple layers of the structure, including the Board, the Audit Committee, department heads, staff at operational levels and the internal audit, in order to achieve the Group's strategic and operational goals and objectives.

Report on corporate governance practices (continued)

(C) Accountability and audit (continued)

(ii) Risk management and internal control (continued)

(b) Risk Management (continued)

○ Risk Management Process

A robust risk management process is developed to identify, evaluate and manage significant risks. The risk management process includes the following elements:

- Risk identification – Identify the risks faced by the Group.

- Risk assessment and prioritization – Analyze the identified risks based on two dimensions: potential impact and likelihood of occurrence; prioritize key risks and confirm top risks.

- Risk treatment – Select an appropriate risk treatment and develop the relevant risk management strategies for identified key risks.

- Control activities – Controls must be designed, evaluated and implemented on the identified risks.

- Risk monitoring – Perform ongoing and periodic monitoring of risks to ensure the risk management strategies are operating effectively.

- Risk reporting – Consolidate the results from the risk assessment; establish detailed action plan; and report to management and the Audit Committee in a timely manner.

The Group maintains a risk register, which includes information of key enterprise-level risks, their potential consequences, likelihood, impact and overall risk rating. Risk owners will execute risk mitigation actions and respond to their assigned risks in the risk register based on the Board's risk tolerance. On an annual basis, the risks in the risk register are re-evaluated, with consideration of potential new or emerging risks. Also, depending on changes in circumstances and the external environment, risk tolerances and risk responses are adjusted accordingly.

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(C) Accountability and audit (continued)

(ii) Risk management and internal control (continued)

(c) Internal Control

The Group has implemented an internal control system in accordance with an integrated internal control framework established by the COSO (Committee of Sponsoring Organizations of the Treadway Commission), which comprises five main features and principal components of internal control: the control environment, risk assessment, control activities, information and communication, and monitoring activities.

The Group has an Internal Audit Department which used a risk-based approach to derive an internal audit plan and it is approved by the Audit Committee on an annual basis to assess the adequacy, effectiveness, efficiency and reliability of internal control procedures over financial, operational and compliance activities of the Group. The results of the independent reviews together with the recommended remedial actions, in the form of internal audit reports, are submitted to the Audit Committee and management on a regular basis. Follow-up reviews are performed to ensure that all identified issues have been resolved satisfactorily.

The Head of the Internal Audit Department reports directly to the Audit Committee. During the year, the Internal Audit Department conducted reviews and reported the status of implementation of follow-up actions on control deficiencies. Relevant recommendations reported by the Internal Audit Department will be implemented by management to enhance the Group's internal control policies, procedures and practices, and to resolve material internal control deficiencies in a timely manner.

The Group has also developed an Inside Information Disclosure Policy and internal controls for the handling and dissemination of inside information to ensure consistent and timely disclosure, and fulfilment of the Group's disclosure obligations. The Group has also established and implemented procedures to guide its staff on how to report, escalate and handle inside information, and strictly prohibit them from any unauthorized use of inside information.

Report on corporate governance practices (continued)

(C) Accountability and audit (continued)

(ii) Risk management and internal control (continued)

(d) Review of Systems Effectiveness

Through the Audit Committee, the Board had conducted an annual review of the effectiveness and adequacy of the risk management and internal control systems by reviewing the work performed by the Internal Audit Department and the controls self-assessment on key business processes performed by management for the year ended 31 March 2019. The review covered all material controls, including financial, operational and compliance controls, and risk management functions. The scope and quality of ongoing monitoring of risks and the internal control systems have been assessed. The changes in the nature and extent of significant risks faced by the Group and response plans have been evaluated. The Board considered that the risk management and internal control systems are functioning effectively and adequately.

During the review, the Board also assessed and was satisfied with the adequacy of the resources, staff qualification and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions. Qualified personnel throughout the Group maintains and monitors these internal control procedures on an ongoing basis.

The Board is satisfied that the Group has fully complied with the code provisions C.2 on risk management and internal control set out in the CG Code as set forth in the Appendix 14 of the Listing Rules for the year ended 31 March 2019.

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(C) Accountability and audit (continued)

(iii) Audit Committee

An Audit Committee was established by the Company with clear terms of reference to review and supervise the financial reporting process, and the risk management and internal control of the Group. The Audit Committee comprises four Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu, Mr. Andrew Fan and Dr. Eddy Li. The committee held three meetings during the year to discuss the relationship with the external auditor, to review the consolidated interim financial information for the six months ended 30 September 2018 and the consolidated annual financial statements for the year ended 31 March 2019 of the Group, and to evaluate the risk management and internal control systems of the Group.

The attendance record of each committee member is as follows:

Name	**No. of meetings attended/held**
Mr. Abraham Shek*	3/3
Mr. David Chu	3/3
Mr. Andrew Fan	3/3
Dr. Eddy Li (appointed on 8 May 2019)	N/A

* *Chairman of the Audit Committee*

(iv) Auditor's remuneration

During the year, the remuneration paid or payable to the principal auditor, PricewaterhouseCoopers, is set out as follows:

Services rendered	**HK$'000**
Audit and audit related services	1,945
Non-audit services	780
	2,725

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(D) Delegation by the Board

(i) Board Committees

The Company has established four committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Corporate Governance Committee (the "CG Committee"). These committees were formed with specific clear terms of reference which deal clearly with the committees' authorities and duties.

(ii) Management function

The Board has determined which matters are to be retained by the full Board sanction and which matters are to be delegated to the executive management. The executive management has been given clear terms of reference, in particular, circumstances where the executive management should report to and obtain prior approval from the Board. All delegations to executive management are reviewed periodically to ensure that they remain appropriate.

(E) Corporate Governance

The Board delegated the corporate governance functions to the CG Committee which was established with clear terms of reference and is responsible for developing and reviewing the Company's policies and practices on corporate governance. The CG Committee is also delegated the responsibility to review any potential inside information of the Group and to make recommendations to the Board for any disclosure requirement or actions required.

The CG Committee comprises three Executive Directors, Mr. Albert Chuang, Miss Ann Li and Mr. Edwin Chong. The committee met twice during the year to review the corporate governance matters of the Company to ensure that the Company has complied with the principles and applicable code provisions of the CG Code.

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Mr. Albert Chuang*	2/2
Miss Ann Li	2/2
Mr. Edwin Chong	2/2

* *Chairman of the CG Committee*

Report on corporate governance practices (continued)

(F) Communication with shareholders

The Company has established a shareholders communication policy with the objectives of enabling its shareholders to exercise their rights in an informed manner and to allow the shareholders and the investment communities to engage actively with the Company. The Board has the responsibility to review the policy regularly to ensure its effectiveness. A summary of the policy is set out below:

(i) Annual general meeting

The Board regards annual general meeting as the principal opportunity to meet the shareholders of the Company. With the exception of two directors who had not attended the 2018 annual general meeting of the Company (the "2018 AGM") due to other commitments, all other Directors (including the Chairman of the Board and Chairman of the respective Board Committees) attended the 2018 AGM to answer questions raised by the shareholders.

The attendance record of each of the current Directors in the 2018 AGM is as follows:

Name	Current Position	Attendance
Mr. Albert Chuang	Chairman	Yes
Miss Ann Li	Deputy Chairman	Yes
Mr. Edwin Chong	Managing Director	Yes
Mr. Sunny Pang	Executive Director	Yes
Mr. Geoffrey Chuang	Executive Director	Yes
Mr. Neville Kotewall (appointed on 7 March 2019)	Executive Director	N/A
Mr. Dominic Lai	Non-Executive Director	No
Mr. Abraham Shek	Independent Non-Executive Director	Yes
Mr. David Chu	Independent Non-Executive Director	No
Mr. Andrew Fan	Independent Non-Executive Director	Yes
Dr. Eddy Li	Independent Non-Executive Director	Yes
Dr. Johnny Ng (appointed on 8 May 2019)	Independent Non-Executive Director	N/A

(ii) Significant issues

The Company has ensured that any significant issue to be dealt with in general meetings had been proposed as a separate resolution.

Report on corporate governance practices (continued)

(F) Communication with shareholders (continued)

(iii) Voting by poll

Pursuant to Rule 13.39(4) of the Listing Rules, votes of shareholders in all general meetings of the Company have been taken by poll and results of the poll have been announced in accordance with the procedures prescribed under Rule 13.39(5) of the Listing Rules.

(iv) Corporate documents available in websites of the Company and the Stock Exchange

The Company has placed on the websites of the Company and the Stock Exchange the announcements, circulars, annual/interim reports, notices of general meetings and other information of the Company as required by the Listing Rules.

(v) Shareholders' enquiries

Shareholders of the Company may direct their questions about their shareholdings to the Company's share registrar and all other questions to the Board.

(G) Shareholders' rights

(i) Convening a special general meeting

Pursuant to Bye-law no. 57 of the Company, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting ("SGM") to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. The written requisition must state the purposes of the general meeting and is signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders.

If the requisition is in order, the secretary of the Company will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(G) Shareholders' rights (continued)

(ii) Enquiries to the Board

Shareholders of the Company will have the opportunity to ask questions to the Board in general meetings. Shareholders of the Company may also make enquires to the Board at their discretion. Such enquiries shall be made in writing directed to "The Board of Directors, Chuang's China Investments Limited" by one of the following means:

- By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
- By email to : china-board@chuangs.com.hk
- By facsimile to : (852) 2810 6213

The Board will respond promptly to proper enquiries raised by the shareholders.

(iii) Putting forward proposals at shareholders' meetings

(a) Shareholders may put forward proposals relating to the election of Directors in general meetings as follows:

◦ Pursuant to Bye-law no. 88 of the Company, a shareholder or shareholders (not being the person to be proposed) who holds or collectively hold not less than 5% in the nominal value of the issued shares of any class of the Company may propose a person for election as a Director at any general meeting of the Company by giving the secretary of the Company a notice in writing:

- of his/their intention to propose such person for election; and
- signed by the person to be proposed of his willingness to be elected.

Report on corporate governance practices (continued)

(G) Shareholders' rights (continued)

(iii) Putting forward proposals at shareholders' meetings (continued)

(a) (continued)

- ◦ Any notice given for such proposal must include such person's information as may from time to time be required to be disclosed under Rule 13.51(2) of the Listing Rules in the event that such person is elected as a Director or any other applicable laws, rules and regulations which the Company may be subject to. Currently, the following information are required:

  - Full name and age;
  - Positions held with the Company and other members of the Group (if any);
  - Experience including (i) other directorships held in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;
  - Length or proposed length of service with the Company;
  - Relationships with any Directors, senior management or substantial or controlling shareholders of the Company;
  - His interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
  - Amount of the Director's or supervisor's emoluments and the basis of determining the Director's or supervisor's emoluments and how much of these emoluments are covered by a service contract; and
  - A declaration by the nominated person stating that he is not and has not been subject to any of the events provided for under Rule 13.51(2)(h) to (w) of the Listing Rules, or if any one or more of these provisions are applicable to him, full details thereof.

- ◦ Any notice given for this purpose shall be directed to "The secretary, Chuang's China Investments Limited" by one of the following means:

  - By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
  - By email to : chuangs@chuangs.com.hk
  - By facsimile to : (852) 2810 6213

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(G) Shareholders' rights (continued)

(iii) Putting forward proposals at shareholders' meetings (continued)

(a) (continued)

- Any such shareholder(s) shall be one(s) that is/are entitled to attend and vote at the meeting for which such notice is given.

- The minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting.

(b) Except for proposals relating to the election of Directors which should follow the procedures mentioned in (a) above, shareholders may put forward proposals at general meetings by following the requirements and procedures as set out in sections 79 and 80 of the Companies Act 1981 of Bermuda (the "Act"). Specifically, such shareholders should:

- Collectively hold not less than one-twentieth of the total voting rights of all shareholders of the Company having at the date of the requisition the right to vote at the meeting to which the requisition relates, or constitute not less than 100 shareholders.

- Submit a written request stating the resolution intended to be moved at the annual general meeting ("AGM"), or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or business to be dealt with at that general meeting.

- The written request/statement must be signed by such shareholders, or two more copies which between them contain the signatures of all such shareholders, and deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal office in Hong Kong at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong, for the attention of the secretary of the Company:

  - In the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

  - In the case of any other requisition, not less than one week before the meeting, provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time required by section 80 of the Act shall be deemed to have been properly deposited for the purposes thereof.

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(G) Shareholders' rights (continued)

(iii) Putting forward proposals at shareholders' meetings (continued)

(b) (continued)

◦ If the written request is in order, the secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

◦ Any questions relating to putting forward proposals at shareholders' meetings should be directed in writing to "The Board of Directors, Chuang's China Investments Limited" by one of the following means:

- By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
- By email to : china-board@chuangs.com.hk
- By facsimile to : (852) 2810 6213

Report on corporate governance practices (continued)

(H) Amendments to constitutional documents of the Company

No amendments had been made to the constitutional documents of the Company during the year ended 31 March 2019.

Conclusion

Except as mentioned above, the Company has complied with the code provisions of the CG Code for the year ended 31 March 2019.

On behalf of the Board of
Chuang's China Investments Limited

Chong Ka Fung
Managing Director

Hong Kong, 25 June 2019

ENVIRONMENTAL,

SOCIAL AND GOVERNANCE REPORT

About this Report

This Environmental, Social and Governance ("ESG") report covers the Company and its subsidiaries (collectively as the "Group") which are principally engaged in property development, investment and trading, hotel operation and management, development and operation of cemetery, sales of goods and merchandises, and securities investment and trading.

The Group is committed to the long-term sustainability of its businesses, which is one of the key focuses of the Group's development and growth strategy, and is committed to developing initiatives that will merit value and positive impact for the betterment of its stakeholders and of the communities within which it operates and serves. As such, we maintain on-going communications with investors and other stakeholders to understand their expectations on the Group in tackling ESG matters. From our on-going communications with them, we are aware that they consider our property development and investment businesses as more relevant for ESG reporting. Therefore, this report places emphasis on the ESG achievements and challenges as well as initiatives undertaken for the financial year ended 31 March 2019 in respect of the property development and investment businesses of the Group.

Moreover, the Group has been taking steps to enhance the process of collecting resource consumption data so that a more comprehensive picture of the Group's ESG performance can be provided.

This ESG report is prepared in accordance with the ESG Reporting Guide under Appendix 27 of the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited and it is organized into two sections, namely environmental and social.

Environmental

Emissions

Air and Greenhouse Gas ("GHG") Emissions

The Group is committed to promoting a green environment and being environmentally responsible. The Group has strict policies and procedures in place to achieve this. This includes:

- Developing and promoting the culture of an environmentally responsible company;
- Ensuring that environmental protection objectives and targets are achieved by providing adequate and appropriate resources; and
- Educating, training and encouraging employees to participate in environmental protection initiatives to cultivate a spirit of corporate social responsibility.

During project planning, design and construction stages of the Group's property development projects, the Group makes reference to industry best practice in constructing green buildings wherever possible. The Group applies different sustainability considerations, such as, taken into account energy consumption and GHG emission impact, into different projects according to their locations and customers' requirements. For example, the following measures have been included in its projects:

- Seasonal wind direction is considered and applied in residential architecture design to improve natural ventilation;
- Tinted and/or insulating glass curtain walls are double glazed and made with low emissive glass to increase visibility and natural lighting which could save energy and/or reduce solar heat radiation;
- The oxide film of the surface area is used to minimize reflectivity of the glass;
- Natural, energy efficient and automatic control light systems are installed in its buildings to reduce energy needed for lighting and to reduce overall running cost; and
- The low-temperature radiant floor heating systems are adopted in its projects which provide uniform cooling and heating, and are a cost effective way for its buildings to achieve a higher level of energy performance.

Environmental (continued)

Emissions (continued)

Air and GHG Emissions (continued)

Moreover, during planning and design stages, the Group would ensure that its buildings can be seamlessly integrated into the neighbourhood and environment. The Group embeds its commitment to being environmentally responsible into its day to day business activities. For example, as part of the procurement process, the Group prioritizes the selection of greener or environmentally-friendly materials and products in order to minimize its carbon footprint. Some of the factors considered include:

- Use of materials and products with high reusability and proportion of recycled content;
- Business conduct which fosters the sustainable use of the earth's resources by minimizing waste and mitigating any adverse environmental impacts; and
- Use of "greener" alternatives and adoption of, or investment in, energy efficient practices and technologies.

Last but not least, the Group encourages employees to participate in environmental protection initiatives. For example, the Group tries to reduce energy use and GHG emissions by adopting energy efficient technologies and by switching off lights, computers and copying machines whenever they are not required after work.

Waste management

For hazardous waste, we understand the importance of minimizing waste and mitigating any adverse environmental impacts; and recognize the benefits of doing so. Hence, we consider environmental responsibility throughout procurement process. While paper and other office materials are our major non-hazardous waste sources, we implemented waste-reduction measures ranging from using double-sided printing, issuing memos in electronic form across offices; collecting and recycling used ink cartridges.

Use of resources

The Group strives to drive sustainable business growth through effective and efficient utilization of the resources, including energy, water and other raw materials. This objective is made aware of across our management and staffs, and a number of "green office practices" have been implemented.

Eco-friendly measures are being introduced to a substantial portfolio of properties that the Group managed. Such measures include but is not limited to the reduction in the use of paper. Examples on how we reduce the use of paper include closely monitoring total amount of paper printed by every employee, enforcing the use of recycled paper and use of electronic memo across offices.

On the other hand, there is a significant drop in electricity consumption in 2019 due to completion of some property development projects in 2018.

Environmental (continued)

Emissions (continued)

Environment and Natural Resources

The Group is mindful of minimizing disturbance to the environment and use of natural resources. We have established environmental protection policies that include both emission reduction and energy saving policies in order to achieve such an objective. The Group also has a procedure in place to ensure we have an up-to-date understanding of the environmental protection regulations set out by respective environmental protection bureaus of countries in which we operate.

Regulatory Compliance

During the reporting year, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to air and GHG emissions, waste management and generation of hazardous and non-hazardous waste.

Social

Employment and Labour Practices

The Group is an equal opportunity employer, offering equal employment and advancement opportunities to all candidates and employees as well as implementing fair and consistent human resource policies and programmes in relation to recruitment, compensation and dismissal, promotion, working hours, resting periods, equal opportunity, diversity and anti-discrimination. As at 31 March 2019, the Group has employed 170 staff, with a male to female ratio of 1.6:1.

The Group believes that its human resource is the most valuable asset because it recognizes that it is the people that delivers business growth and success. The Group is committed to retaining and empowering talent through various measures. The Group believes that continued workforce satisfaction is critical in order to achieve sustained outstanding business outcomes. As a measure of this, the Group is passionately committed to providing a safe and healthy working environment for all employees and site staff.

Social (continued)

Employment and Labour Practices (continued)

As part of its core strategy to create an open and harmonious workplace, the Group seeks to provide its employees with the most competitive compensation and benefits. These include:

- Entitlement to compassionate leave;
- Financial allowance for external training, as well as entitlement to training leave for eligible employees to pursue their learning and development;
- Ability for employees to leave their workplace early to attend to personal matters;
- Early retirement schemes for eligible employees; and
- Other privileges, including birthday leave and discounts on hotel accommodation.

To maintain a strong and diverse workforce, the Group continues to nurture its employees through its retention policy:

- Excellent culture: The Group advocates an open and trusting working relationship amongst its employees.
- Competitive package: The Group offers full-time employees compensation such as a discretionary bonus, contributory provident fund, share options and medical insurance to employees and their family members.
- Emotional care: The Group understands the importance of family values and culture and encourages celebration of international and national holidays and events such as Chinese New Year, Father's Day, Mid-Autumn Festival and Christmas, and complement these festivities with gift packages to the staff, lunch gatherings and early leave. During the year, the Group offered its employees with family vacation packages including discount hotel accommodation for Father's Day, and launched Trick or Treat night with various festive activities on Halloween for its employees to celebrate the joy of these special days.
- Employee referral programme: The Group uses various recruitment channels to attract and retain talents. It launched an employee referral programme to encourage its employees to refer talents to the Group to maintain its culture and would provide employee referral rewards for the successful cases.

Social (continued)

Employment and Labour Practices (continued)

Furthermore, the Group emphasizes in building employee engagement, striving to enrich both their work and personal lives. Various kinds of activities ranging from movie nights, yoga classes to bread-spread-making classes were regularly organized for employees for enjoyment and relaxation and promoting teambuilding and bonding. The Group dismisses employees and compensates them in accordance with the relevant laws and regulations.

Health and Safety

The Group is committed to providing a safe and secure workplace for employees, contractors and site staff across its entire operations. With its core business in property development, safety at construction sites is of utmost importance.

To achieve this, the Group has adopted a number of health and safety initiatives and requirements, including:

- Fulfilment of all relevant and applicable legal obligations;
- Systematic framework for identifying and reviewing safety responsibilities;
- Management of the health and safety risks arising from work activities;
- Communication of relevant policies and procedures to employees and other stakeholders as appropriate;
- Adequate and sufficient personal protective equipment and tools required for the job;
- Adequate training and motivation of team members to observe health and safety preventive measures at workplace;
- Communication of applicable health and safety requirements to employees and contractors;
- Regular fire drills and emergency evacuation simulations in place to prepare employees for handling real emergencies;
- Corporate flu vaccination programme offered on a free of charge basis to employees to promote a safe and healthy workplace;
- Complementary fruits and low sugar drinks to all employees during the year to show care to its employees and promote healthy diet;
- Health related books as gifts to employees to encourage office exercise; and
- Continuous improvement of corporate policies, procedures, programmes and work performance.

Social (continued)

Development and Training

The Group believes that the development of employees and enhancement of their skills and knowledge will contribute significantly to the growth and success of the business. As such, the Group is committed to developing and implementing a number of comprehensive training programmes for its people. These programmes seek to advance the employees' professional development based on identified areas of growth, while ensuring that the credibility of the Group's workforce meets current business needs. The Group's commitment to this is demonstrated through the following programmes:

- On boarding programme — this programme seeks to enable employees, especially new hires to learn and understand about the mission, vision, values and service culture of the Group;

- Compliance programmes — this programme is designed for all staff, such as anti-corruption training in order to avoid bribery, extortion and fraud activities;

- Operations and job skills programmes — the aim of this programme is to develop employees to obtain the essential skills and competencies required for their jobs. In addition to participation in on-the-job training programmes, employees are also encouraged to attend external seminars and workshops to keep themselves on the cutting edge of the industry development; and

- Manager and leadership programmes — this includes the accelerated development programme and leader programme, which assists employees in creating personal management plans to progress their careers and achieve higher levels of responsibility. For the directors of the Group, they are offered in various programmes for continuous development to constantly enhance their skills and knowledge in leading the Group. With an emphasis on developing the directors' understanding of their roles, functions and duties, their contribution to the Group can be assured to be informed and relevant.

Through these programmes, the Group ensures that all employees receive full support in their development and progress in the Group. These initiatives differentiate the Group from other competitive businesses to attract, retain, and prepare the workforce for greater personal and organizational success while achieving employee satisfaction and gratification.

Labour Standards

The Group is against and prohibits the employment of child and forced labour. The human resources department of the Group would examine the identification documents of the applicants to make sure that they are qualified as lawful hiring.

Social (continued)

Regulatory Compliance

During the reporting year, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to employment as well as health and safety. Nor was any incident identified related to the use of child or forced labour.

Supply Chain Management

The Group has a diverse range of supply chain relationships. The Group recognizes the critical role supply chain management plays in running an efficient business operation and to provide quality services in accordance with the highest ethical, social and environmental standards. The Group is committed to being a responsible corporation to include a good management of its suppliers so as to maintain the high standard of products delivered to its customers.

The Group is committed to developing initiatives to manage environmental and social risks of the supply chain.

This includes the implementation of strict standards and policies to select and provide services, adhering to and exceeding where practicable, all relevant legal obligations and codes of practice ensuring that, where possible:

- Minimal to nought adverse impact on the environment; and
- Prevention of pollution, reduction of waste production and efficient utilization of resources.

Embedded within its supplier selection process, the Group considers the following key aspects:

- The environmental values and commitments of suppliers;
- The environmental certification and memberships of suppliers;
- Supplier's compliance with international environmental laws and regulations; and
- Supplier's commitment to meeting the Group's environmental specifications.

The Group remains in close contact with its suppliers, monitoring their performance to ensure alignment with its commitments.

Social (continued)

Product Responsibility

As part of the Group's operating practices, we employ group-wide quality assurance procedures to protect the health and safety of its employees, contractors and customers while providing high quality products and services.

These are strictly imposed across all business operations, employees and third parties under the Group. For example, to ensure high quality service delivery and performance, all new employees must undergo:

- Induction training which instils the mission and vision of the Group;
- Training in relation to proper product knowledge and customer service standards;
- Buddy training in order to identify areas for improvement of the new team member; and
- Refresher and additional training to develop in areas of improvement.

The Group commits to providing high quality products to customers. The Group keeps good relationships and maintains effective communication mechanisms with its customers. This is to ensure that the Group is well aware of all customers' requirements or feedbacks on a timely basis and provide high quality services to its customers.

The Group believes that providing accurate and complete information about its products and services is vital for customers to make informed decisions. Products are required to be labelled and advertised with due care for the sake of customer interest.

The Group pays high attention to privacy, protecting the data of its customers, staff and potential recruits. All job applicants had agreed to the personal information collection statement, while the data the Group collected from all employees would not be released to any third party without the prior consent from the employees. All customers' and employees' data is protected by the Personal Data (Privacy) Ordinance in Hong Kong, whereas in the other countries the Group followed all relevant local and national regulations. Well-established procedures and training programmes are in place to guide employees on how to handle customer personal information.

Regulatory Compliance

During the reporting year, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to product responsibility.

Social (continued)

Anti-Corruption

The Group embraces and enforces rules, regulations and procedures in accordance with the Group's code of business conduct to ensure that the business is conducted in full compliance with all applicable laws and regulations. In recognition of the importance of anti-corruption, a 'Code of Conduct', which includes strict standards and policies, are in place to prevent bribery, corruption, extortion, money laundering and fraud. These standards and practice expectations are imposed on all employees, contracted independent third parties, as well as the Group's business partners. Training on relevant laws and regulations is also provided to directors and senior management in an ongoing basis.

The Group has maintained a whistle-blowing system to allow whistle-blowers to disclose information in relation to any misconduct, malpractice or irregularity through a confidential reporting channel. All reported cases would be investigated in a fair and proper manner by the Audit Committee of the Group. The Audit Committee classifies the reported cases according to their nature and reports the cases directly to the Board of Directors of the Group on a regular basis.

Regulatory Compliance

During the reporting year, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to anti-corruption.

Community

Community Investments

The Group advocates the philosophy of "what is taken from the community is to be used for the good of the community". It continuously aims to incorporate this idea as part of its business strategy in helping to meet the needs of society.

The Group brought back to the society through making donations in cash to different non-profit making organizations. During the reporting year, the Group had contributed charitable donations and sponsorships amounting to approximately HK$2,829,000. This amount was used to sponsor organizations and institutions that provide help to the needy.

Staff members are encouraged to play an active role in charity projects, organized either by the Group or other organizations. The Group is dedicated to fostering volunteerism as part of its corporate culture of giving back to the community. The Group supported the "Love Teeth Day" and the "Dress Casual Day" organized by The Community Chest of Hong Kong as Group events and help to raise funds to support the needy. During the reporting year, the Group also provided sponsorship to television documentaries on Chinese history in support of offering educational programmes to the public.

Committed to embedding social responsibility into business operations and delivering outstanding business performance, the Group was honoured in recognition of this year's achievement at the 2018 Listed Companies Distinguished Awards presented by Television Broadcasts Limited.

Environmental KPIs

Environmental KPIs	Unit	2019	2018
Total greenhouse gas (GHG) emissions	Tonne CO_2e	**223**	283
Scope 1 — Direct emissions and removals	Tonne CO_2e	**113**	–
Scope 2 — Energy indirect emissions	Tonne CO_2e	**110**	283
Total non-hazardous waste produced	Tonne	**1**	1
Total energy consumption	kWh	**578,861**	360,912
Total energy consumption intensity			
By revenues	*kWh/Revenues (HK$'000)*	***2.89***	*2.30*
Total direct energy consumption — Gasoline/Petrol	kWh	**404,128**	–
Total direct energy consumption intensity			
By revenues	*kWh/Revenues (HK$'000)*	***2.02***	–
Total indirect energy consumption — Purchased electricity	kWh	**174,733**	360,912
Total indirect energy consumption intensity			
By revenues	*kWh/Revenues (HK$'000)*	***0.87***	*2.30*
Water consumption	m^3	**15,784**	15,800
Water consumption intensity			
By revenues	*m^3/Revenues (HK$'000)*	***0.08***	*0.09*

On behalf of the Board of
Chuang's China Investments Limited

Chong Ka Fung
Managing Director

Hong Kong, 25 June 2019

REPORT OF

THE DIRECTORS

Report of the Directors

The board of Directors (the "Board") presents the report of the Directors together with the audited consolidated financial statements of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 March 2019.

Business review

The review of the business of the Group during the year including discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred during and subsequent to the year ended 31 March 2019, and an indication of likely future developments in the Group's business are provided in the Management Discussion and Analysis as set out on pages 2 to 33 of this report. Financial risks of the Group are shown in note 3 to the consolidated financial statements. The key financial and business performance indicators of the Group included revenues, gross profit, profit attributable to equity holders of the Company, shareholders' funds, net debt to equity ratio and segment information. Details of these indicators are provided in the Management Discussion and Analysis and Summary of Financial Information as set out on pages 2 to 33 and page 198 of this report respectively, and note 6 to the consolidated financial statements.

In addition, discussions on the Group's environmental policies and performance and the key relationships with its employees, customers, suppliers and others that have significant impact on the Group are provided in the Environmental, Social and Governance Report as set out on pages 67 to 78 of this report.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out in note 41 to the consolidated financial statements.

Analysis of the performance of the Group for the year by business lines and geographical segments is set out in note 6 to the consolidated financial statements.

Results and appropriations

The consolidated results of the Group for the year are set out in the consolidated income statement on page 100.

After taking into account the working capital requirements for the Group's projects and business development, the Board resolved to recommend for the shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") the payment of a final dividend of 2.0 HK cents (2018: 2.0 HK cents) per share for the year ended 31 March 2019. The final dividend, if approved, will be paid on or before 31 October 2019 to the shareholders whose names appear on the Company's register of members on 11 October 2019.

An interim dividend of 1.5 HK cents (2018: 1.5 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 3.5 HK cents (2018: 3.5 HK cents) per share. Total dividend payments for the year will be HK$82.2 million (2018: HK$82.2 million).

Dividend policy

The Company strives for generating steady returns to the shareholders of the Company (the "Shareholders"). It is the policy of the Company, in considering the payment of dividends, to allow the Shareholders to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.

The dividend payout ratio shall be determined by the Board at its absolute discretion after taking into account of, among others, the following factors:

- the Group's financial performance;
- retained earnings and distributable reserves of the Company and each of the subsidiaries of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- general economic environment; and
- other factors that the Board deems relevant.

The payment of the dividend by the Company is also subject to any restrictions under the applicable laws and regulations, including the Companies Act 1981 of Bermuda (as amended from time to time) and the memorandum of association and bye-laws of the Company.

Donations

During the year, the Group made charitable donations and sponsorships amounting to approximately HK$2,829,000.

Pre-emptive rights

No pre-emptive rights exist in Bermuda being the jurisdiction in which the Company is incorporated.

Reserves

Movements in reserves of the Group and the Company during the year are set out in note 32 and note 40(a) to the consolidated financial statements respectively. Total distributable reserves of the Company amounted to approximately HK$1,629,736,000 as at 31 March 2019.

PARTICULARS OF PRINCIPAL PROPERTIES

Particulars of principal properties held by the Group as at 31 March 2019 are set out on pages 196 to 197.

SUMMARY OF FINANCIAL INFORMATION

A summary of financial information of the Group for the last five financial years is set out on page 198.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are as follows:

Mr. Albert Chuang Ka Pun
Miss Ann Li Mee Sum
Mr. Chong Ka Fung
Mr. Sunny Pang Chun Kit
Mr. Geoffrey Chuang Ka Kam
Mr. Neville Charles Kotewall (appointed on 7 March 2019)
Mr. Dominic Lai
Mr. Abraham Shek Lai Him
Mr. David Chu Yu Lin
Mr. Andrew Fan Chun Wah
Dr. Eddy Li Sau Hung
Dr. Ng Kit Chong (appointed on 8 May 2019)

In accordance with the Company's Bye-law nos. 85(2), 86(2) and 86(3), and Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Mr. Chong Ka Fung, Mr. Neville Charles Kotewall, Mr. David Chu Yu Lin, Mr. Andrew Fan Chun Wah and Dr. Ng Kit Chong will retire from the Board at the AGM and, being eligible, will offer themselves for re-election at the AGM.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management as at the date of this report are set out on pages 39 to 44 of this report.

Directors' rights to acquire shares or debentures

Other than the share option scheme adopted by the Company as disclosed in the section headed "Share option scheme" below and the share option scheme adopted by Chuang's Consortium International Limited ("CCIL"), at no time during the year was the Company, any of its holding companies, its subsidiaries and fellow subsidiaries or its other associated corporations a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company, its specified undertaking or any of its associated corporations.

Directors' interests and short positions in shares, underlying shares and debentures

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

	Interests in the Company		
Name of Director	**Number of shares**	**Capacity**	**Percentage of shareholding**
Mr. Sunny Pang Chun Kit ("Mr. Sunny Pang")	930,000	Beneficial owner	0.04
Mr. Neville Charles Kotewall ("Mr. Neville Kotewall")	1,255,004	*Note*	0.05

Note: Such interests arose by attribution through his spouse, Mrs. Candy Kotewall Chuang Ka Wai.

	Interests in CCIL		
Name of Director	**Number of shares**	**Capacity**	**Percentage of shareholding**
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,299,678	Beneficial owner	0.08

Directors' interests and short positions in shares, underlying shares and debentures (continued)

Save as disclosed, during the year under review, none of the Directors and chief executive of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company, its specified undertaking or any of its associated corporations.

Other than as disclosed herein, as at 31 March 2019, none of the Directors and chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Directors' service contracts

None of the Directors has any service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Group's business

Save as disclosed, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, any of its holding companies or its subsidiaries and fellow subsidiaries was a party and in which a Director of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in competing business

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that Mr. Albert Chuang, Mr. Chong Ka Fung ("Mr. Edwin Chong") and Mr. Geoffrey Chuang Ka Kam ("Mr. Geoffrey Chuang") hold directorships in CCIL and hold equity interests and directorships in certain private companies. The principal activities of CCIL include property development in Hong Kong and securities investment and trading, whereas the principal activities of the private companies include securities investment and trading. As the properties owned by CCIL are of different types and/or in different locations from those of the Group, and the compositions of the respective boards of directors of CCIL and the private companies are different from that of the Group, the Group operates its businesses independently of, and at arm's length from, the businesses of CCIL and the private companies.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Substantial shareholders

So far as is known to any Directors or chief executive of the Company and save as disclosed in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" above, as at 31 March 2019, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Profit Stability Investments Limited ("PSI")	1,426,074,923	Beneficial Owner	60.71
CCIL	1,426,074,923	*Note 1*	60.71
Evergain Holdings Limited ("Evergain")	1,426,074,923	*Note 1*	60.71
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	1,426,074,923	*Note 1*	60.71
Mrs. Chong Ho Pik Yu	1,426,074,923	*Note 2*	60.71

Note 1: Interests in 1,426,074,923 shares owned by PSI. PSI is a wholly-owned subsidiary of CCIL. Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL through Evergain, a company beneficially owned by Mr. Alan Chuang. Mr. Albert Chuang, Mr. Edwin Chong and Mr. Geoffrey Chuang are directors of CCIL and Evergain, and Mr. Albert Chuang is also a director of PSI.

Note 2: Such interests arose by attribution through her spouse, Mr. Alan Chuang.

Save as disclosed above, as at 31 March 2019, there was no other person who was recorded in the register of the Company as having interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

Controlling shareholder's interests in contracts

Save as the transactions as disclosed in the section headed "Continuing Connected Transactions" below, there was no other contract of significance between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries at the balance sheet date or at any time during the year and up to the date of this report.

Purchase, sale or redemption of the Company's listed securities

The Company had not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed shares during the year.

Major suppliers and customers

The aggregate purchases attributable to the largest supplier and five largest suppliers of the Group accounted for approximately 54% and 86% of the total purchases of the Group for the year respectively.

The aggregate revenues attributable to the largest customer and five largest customers of the Group accounted for approximately 14% and 32% of the total revenues of the Group for the year respectively.

None of the Directors, their associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the share capital of the Company) had any interest in the five largest suppliers and customers of the Group respectively.

Relationships with suppliers and customers

The Group establishes long-term cooperation relationships with reputable suppliers within the industries. The Group implements a series of procurement management systems and control procedures so as to select suppliers in a prudent manner.

The Group keeps good relationship and maintains effective communication mechanisms with its customers. This is to ensure that the Group is well aware of all customers' requirements or feedbacks on a timely basis and provides high quality services to its customers.

Compliance with the relevant laws and regulations

During the year under review, the Group had complied with all the relevant laws and regulations that have significant impacts on the businesses and operations of the Group. As far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

Retirement schemes

Details of retirement schemes of the Group are set out in note 9 to the consolidated financial statements.

Permitted indemnity provision

Under Bye-law no. 166(1) of the Company's Bye-laws, the Directors for the time being acting in relation to any of the affairs of the Company, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts, provided that this indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud or dishonesty which may attach to any of said persons. During the year under review, the Company had taken out and maintained an insurance in respect of the Directors' liabilities.

Share option scheme

Pursuant to the ordinary resolution passed in the annual general meeting of the Company held on 31 August 2012, a share option scheme (the "Scheme") has been adopted.

Summary of the Scheme is set out as follows:

1.	Purpose:	To give incentive to Directors, employees or business consultants of the Group and any other party as approved under the Scheme
2.	Participants:	Including, inter alia, Directors, employees or business consultants of the Group
3.	Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of the annual report:	152,332,870 shares are available for issue under the Scheme, representing approximately 6.49% of the issued share capital as at the date of this report
4.	Maximum entitlement of each participant:	1% of the maximum aggregate number of shares that may be issued within 12 months pursuant to the Scheme
5.	Period within which the shares must be taken up under an option:	Not applicable. No share option has been granted since the date of adoption of the Scheme on 31 August 2012
6.	Amount payable on acceptance of an option and the period within which payments shall be made:	HK$1.00 payable to the Company upon acceptance of the option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day)
7.	The basis of determining the exercise price:	No less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five (5) trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share
8.	The remaining life of the Scheme:	Valid until 30 August 2022 unless otherwise terminated under the terms of the Scheme

Update on information of Directors pursuant to Rule 13.51B(1) of the Listing Rules

Save as disclosed in other sections of this annual report, other changes in the information of Directors during the year and up to the date of this report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

(a) The annual remuneration of the following Directors has been revised since 1 April 2019:

Name of Director	Revised annual remuneration# HK$'000
Mr. Albert Chuang	3,188
Miss Ann Li Mee Sum	2,782
Mr. Sunny Pang	2,324
Mr. Geoffrey Chuang	2,398
Mr. Neville Kotewall	2,170

The annual remuneration includes salary, retirement scheme contribution, other benefits and Director's fee, which is determined by reference to the duties and experience as well as the prevailing market conditions.

(b) Mr. Abraham Shek Lai Him retired as an independent non-executive director of MTR Corporation Limited on 22 May 2019, and was appointed as an independent non-executive director of Far East Consortium International Limited on 3 June 2019, the shares of both companies are listed on the Stock Exchange.

(c) Mr. Andrew Fan Chun Wah was appointed as an independent non-executive director of Universal Star (Holdings) Limited with effect from 2 April 2019, the shares of which are listed on the Stock Exchange.

Continuing connected transactions

(a) On 19 January 2017, a joint venture of the Group ("Xiamen JV") as landlord entered into a tenancy agreement with Lujiang Hotel, a non-wholly-owned subsidiary of the joint venture partner of Xiamen JV, as tenant for the lease of a hotel for a term of nearly ten years from 24 March 2017 to 19 January 2027 with rental at RMB9 million per annum for years 1 to 5 and RMB10 million per annum for years 6 to 10. Details of the continuing connected transaction were announced by the Company on 19 January 2017. The tenancy agreement was subsequently assigned by Lujiang Hotel to its wholly-owned subsidiary, Xiamen Mingjia Lujiang Hotel Limited ("Mingjia Lujiang Hotel").

On 30 April 2018, Xiamen JV as landlord entered into another tenancy agreement with Mingjia Lujiang Hotel as tenant for the lease of the additional three villas situated right next to the hotel for a term of nearly 8.7 years from 1 May 2018 to 19 January 2027 (coterminous with the tenancy agreement of hotel) with rental at RMB159,348 per month for years 1 to 5 and RMB175,282.8 per month for year 6 onwards. Details of the transaction were announced by the Company on 30 April 2018.

Continuing connected transactions (continued)

(b) On 7 May 2018, a wholly-owned subsidiary of the Company as tenant entered into a tenancy agreement with a wholly-owned subsidiary of CCIL as landlord for the lease of one basement floor at its investment property in Hong Kong for a term of two years from 7 May 2018 to 6 May 2020 with monthly rental of HK$290,000. Details of the transaction were announced by the Company on 7 May 2018.

The Independent Non-Executive Directors have reviewed and confirmed that the above continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the disclosed continuing connected transactions, confirming that (i) nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board; (ii) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iii) with respect to the aggregate amounts of the disclosed continuing connected transactions, nothing has come to their attention that causes the auditor to believe that the amounts have exceeded the annual caps as disclosed in the announcements dated 30 April 2018 and 7 May 2018 respectively. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of the Company's securities as required under the Listing Rules throughout the year ended 31 March 2019 and up to the date of this report.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board of
Chuang's China Investments Limited

Chong Ka Fung
Managing Director

Hong Kong, 25 June 2019

FINANCIAL
INFORMATION

Independent Auditor's Report

羅兵咸永道

To the Shareholders of
Chuang's China Investments Limited
(Incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of Chuang's China Investments Limited (the "Company") and its subsidiaries (the "Group") set out on pages 100 to 195, which comprise:

- the consolidated balance sheet as at 31 March 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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

Independence

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.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters identified in our audit are summarized as follows:

- Valuation of investment properties;
- Recoverability of properties for/under development and properties for sale; and
- Recoverability of cemetery assets.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties *Refer to Notes 4(a), 16 and 21 to the consolidated financial statements* As at 31 March 2019, the investment properties held by the Group's subsidiaries and a joint venture were significant to the Group and were stated at fair value. Changes in fair value were recognized and presented as "change in fair value of investment properties" and "share of result of a joint venture" respectively in the consolidated income statement. The Group's investment property portfolio comprises commercial and residential properties in the People's Republic of China, the United Kingdom and Malaysia.	Our procedures in relation to the key assumptions used in management's valuation of investment properties held by the Group's subsidiaries and a joint venture included: • Evaluating the independent valuers' competence, capabilities and objectivity. • Obtaining the valuation reports and meeting with the independent valuers to discuss the valuation methodologies.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties (continued) Management has engaged independent valuers to determine the valuation of the Group's investment properties held by the Group's subsidiaries and a joint venture as at 31 March 2019. There are significant judgments and estimates involved in the valuation which mainly include: • Completed investment properties: The valuation was arrived at using the income capitalization method by considering the capitalized income derived from existing tenancies and the reversionary potential, including capitalization rates and prevailing market rents, of the properties, and wherever appropriate, the direct comparison method by reference to market evidence of recent transaction prices of comparable properties. • Investment properties under development: The valuation was arrived at using the residual method by making reference to estimated selling prices as available in the relevant market. The estimated costs to complete the development and estimated developer's profit as at the date of valuation were also taken into account. Due to the existence of significant judgments and estimates of the assumptions involved in the valuation of investment properties held by the Group's subsidiaries and a joint venture, we considered it a key audit matter.	For completed investment properties, • Checking the accuracy of the input data used by the independent valuers in the valuation of properties, on a sample basis, including rental rates from existing tenancies and occupancy rates, by agreeing them to underlying agreements with the tenants and management's records. • Assessing the appropriateness of the key assumptions used in the valuation of properties by comparing published market yields for capitalization rates, prevailing market rents of leasing transactions of comparable properties and recent market transaction prices of properties with comparable conditions and locations, where appropriate. For investment properties under development, • Assessing the reasonableness of key assumptions used in the valuation of properties by comparing: – estimated selling prices to recent market transaction prices of properties with comparable nature and locations; – estimated developer's profit to published market data of properties with comparable conditions and locations; and – estimated costs to complete, to the latest approved budgets on total construction costs and tested, on a sample basis, the construction costs to supporting documentation such as quantity surveyor reports and signed contracts. We found that the key assumptions used in management's valuation of investment properties were supported by the available evidence.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of properties for/under development and properties for sale *Refer to Notes 4(c), 18 and 24 to the consolidated financial statements* The Group had HK$146 million and HK$1,287 million of properties for/under development and properties for sale respectively as at 31 March 2019. Management assessed the recoverability of properties for/under development and properties for sale based on an estimation of the net realizable value of the underlying properties. This involves estimation of anticipated costs to completion based on existing plans (for properties for/under development) and expected future sales prices based on prevailing market conditions such as current market prices of properties with comparable conditions and locations or reference to the valuation reports from the independent valuers, if applicable. If the actual net realizable values of the underlying stock of properties are significantly different from those values estimated as a result of changes in market condition and/or significant variation in the budgeted development costs, material reversal of or provision for impairment losses may result. Due to the existence of significant estimation uncertainty and management judgment, we considered this a key audit matter.	Our procedures in relation to management's assessment of recoverability of properties for/under development and properties for sale included: • Testing the key controls around the property construction cycle with particular focus on, but not limited to, controls over cost budgeting and periodic review, sources of recoverability assessment data and calculation of provision for impairment loss. • Evaluating the independent valuers' competence, capabilities and objectivity. • Obtaining the valuation reports and meeting with the independent valuers to discuss the valuation methodologies for certain properties. • Assessing the reasonableness of key assumptions and estimates in management's assessment, on a sample of properties selected, including: – expected future sales prices which we compared to contracted sales prices of the underlying properties or current market prices of properties with comparable conditions and locations, where applicable; – anticipated costs to completion which we compared to latest approved budgets on total construction costs and checked to supporting documentation such as quantity surveyor reports and signed contracts. We found that management's assessment of recoverability of properties for/under development and properties for sale is supported by the available evidence.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of cemetery assets *Refer to Notes 4(c) and 19 to the consolidated financial statements* The Group had HK$299 million and HK$782 million of cemetery assets classified as non-current assets and current assets respectively as at 31 March 2019. Management assessed the recoverability of cemetery assets based on an estimation of the net realizable value by engaging independent valuer to determine the valuation of the cemetery assets as at 31 March 2019, which involves estimation of expected future sales prices based on prevailing market conditions such as current market prices of cemetery assets with comparable conditions and locations and estimation of anticipated costs to completion. If the actual net realizable values of the underlying stock of cemetery assets are significantly different from those values estimated as a result of changes in market condition and/or significant variation in the budgeted development costs, material reversal of or provision for impairment losses may result. Due to the existence of significant estimation uncertainty and management judgment involved in the assessment of the recoverability of the cemetery assets, we considered this a key audit matter.	Our procedures in relation to management's assessment of the recoverability of the cemetery assets included: • Testing the key controls around the construction cycle of cemetery assets with particular focus on, but not limited to, controls over sources of recoverability assessment data and calculation of provision for impairment loss. • Evaluating the independent valuer's competence, capabilities and objectivity. • Obtaining the valuation report and meeting with the independent valuer to discuss the valuation methodologies. • Assessing the reasonableness of key assumptions used in valuation including: – expected future sales prices which we compared to contracted sales prices/latest valuation of the underlying assets or current market prices of assets with comparable conditions and locations, where applicable; – anticipated costs to completion which we compared to latest approved budgets on total construction costs and checked to supporting documentation such as quantity surveyor reports and signed contracts. We found that management's assessment of recoverability of cemetery assets is supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of 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 Directors and the Audit Committee 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 disclosure requirements of 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible 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. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda 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 judgment 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.

- 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 Tsang Nga Kwan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 June 2019

(If there is any inconsistency between the English and Chinese versions of this independent auditor's report, the English version shall prevail.)

Consolidated Income Statement

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Revenues	5	**199,816**	174,284
Cost of sales		**(60,481)**	(48,103)
Gross profit		**139,335**	126,181
Other income and net (loss)/gain	7	**(1,606)**	27,516
Fair value gain on transfer of properties from properties for sale to investment properties	24(e)	**6,349**	232,664
Selling and marketing expenses		**(37,520)**	(8,568)
Administrative and other operating expenses		**(163,574)**	(158,986)
Change in fair value of investment properties	16	**363,780**	170,830
Operating profit	8	**306,764**	389,637
Finance costs	10	**(54,279)**	(31,421)
Share of results of associated companies	20	**(1,999)**	(2,199)
Share of result of a joint venture	21	**24,019**	10,335
Profit before taxation		**274,505**	366,352
Taxation	12	**(106,993)**	(87,914)
Profit for the year		**167,512**	278,438
Attributable to:			
Equity holders		**167,842**	279,882
Non-controlling interests		**(330)**	(1,444)
		167,512	278,438
		HK cents	HK cents
Earnings per share (basic and diluted)	14	**7.15**	11.89

The notes on pages 107 to 195 are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	2019	2018
	HK$'000	HK$'000
Profit for the year	**167,512**	278,438
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	**(191,474)**	254,685
Share of exchange reserve of a joint venture	**(10,043)**	10,556
Realization of exchange reserves upon disposal of subsidiaries	**–**	(4,183)
Change in fair value of available-for-sale financial assets	**–**	(64,126)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	**–**	(100)
Total other comprehensive (loss)/income that may be reclassified subsequently to profit and loss	**(201,517)**	196,832
Items that may not be reclassified subsequently to profit and loss:		
Change in fair value of financial assets at fair value through other comprehensive income	**(40,244)**	–
Fair value gain on transfer of property from property, plant and equipment and land use right to investment property, net of deferred tax	**–**	11,876
Total other comprehensive (loss)/income that may not be reclassified subsequently to profit and loss	**(40,244)**	11,876
Total other comprehensive (loss)/income for the year	**(241,761)**	208,708
Total comprehensive (loss)/income for the year	**(74,249)**	487,146
Total comprehensive (loss)/income attributable to:		
Equity holders	**(66,901)**	472,509
Non-controlling interests	**(7,348)**	14,637
	(74,249)	487,146

The notes on pages 107 to 195 are an integral part of the consolidated financial statements.

Consolidated Balance Sheet

As at 31 March 2019

	Note	**2019 HK$'000**	2018 HK$'000
Non-current assets			
Property, plant and equipment	15	**44,681**	47,561
Investment properties	16	**2,733,601**	2,460,046
Land use rights	17	**1,721**	1,909
Properties for/under development	18	**146,494**	155,038
Cemetery assets	19	**299,418**	577,671
Associated companies	20	**15,723**	17,594
Joint venture	21	**366,587**	355,798
Financial assets at fair value through other comprehensive income	22	**131,570**	–
Available-for-sale financial assets	22	**–**	234,659
Loans and receivables and other deposits	23	**207,690**	12,447
		3,947,485	3,862,723
Current assets			
Properties for sale	24	**1,287,349**	1,139,136
Cemetery assets	19	**782,306**	557,770
Inventories	25	**51,865**	51,865
Debtors and prepayments	26	**83,318**	280,495
Financial assets at fair value through profit or loss	27	**679,694**	686,897
Cash and bank balances	28	**919,502**	523,248
		3,804,034	3,239,411
Current liabilities			
Creditors and accruals	29	**210,625**	181,138
Sales deposits received	30	**343,153**	4,490
Short-term bank borrowings	33	**216,955**	121,000
Current portion of long-term bank borrowings	33	**878,203**	345,176
Taxation payable		**219,656**	259,344
		1,868,592	911,148
Net current assets		**1,935,442**	2,328,263
Total assets less current liabilities		**5,882,927**	6,190,986

	Note	2019 HK$'000	2018 HK$'000
Equity			
Share capital	31	**117,442**	117,442
Reserves	32	**4,135,431**	4,284,853
Shareholders' funds		**4,252,873**	4,402,295
Non-controlling interests		**114,090**	121,127
Total equity		**4,366,963**	4,523,422
Non-current liabilities			
Long-term bank borrowings	33	**986,178**	1,166,282
Deferred taxation liabilities	34	**468,181**	407,100
Loans and payables with non-controlling interests	35	**24,879**	29,905
Other non-current liabilities		**36,726**	64,277
		1,515,964	1,667,564
		5,882,927	6,190,986

Albert Chuang Ka Pun
Director

Ann Li Mee Sum
Director

The notes on pages 107 to 195 are an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Cash from/(used in) operations	38(a)	**147,119**	(221,965)
Interest paid		**(69,488)**	(44,029)
Tax paid		**(50,787)**	(4,022)
Net cash from/(used in) operating activities		**26,844**	(270,016)
Cash flows from investing activities			
Interest income received		**6,234**	9,130
Dividend income received from financial assets at fair value through other comprehensive income		**4,924**	–
Dividend income received from available-for-sale financial assets		**–**	5,058
Purchase of property, plant and equipment		**(13,542)**	(745)
Additions to investment properties		**(38,070)**	(20,497)
Purchase of available-for-sale financial assets		**–**	(71,466)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	38(b)(ii)	**–**	(182,506)
Proceeds from disposal of property, plant and equipment		**3**	389
Net proceeds from disposal of available-for-sale financial assets		**–**	246
Settlement of deferred consideration	38(b)(i)	**–**	(66,905)
(Increase)/decrease in loan to an associated company		**(128)**	2,157
Increase in amount due from a joint venture		**–**	(4,954)
Decrease in bank deposits maturing more than three months from date of placement		**1,943**	570
Net cash used in investing activities		**(38,636)**	(329,523)
Cash flows from financing activities			
New bank borrowings	38(c)	**1,262,191**	49,100
Repayment of bank borrowings	38(c)	**(760,105)**	(52,279)
Dividends paid to shareholders		**(82,210)**	(129,519)
Repurchase of shares		**–**	(10,858)
Loans from non-controlling interests and decrease in amount due to a non-controlling interest, net	38(c)	**3,779**	4,670
Net cash from/(used in) financing activities		**423,655**	(138,886)
Net increase/(decrease) in cash and cash equivalents		**411,863**	(738,425)
Cash and cash equivalents at the beginning of the year		**520,803**	1,244,846
Exchange difference on cash and cash equivalents		**(13,666)**	14,382
Cash and cash equivalents at the end of the year	38(d)	**919,000**	520,803

The notes on pages 107 to 195 are an integral part of the consolidated financial statements.

	Attributable to equity holders of the Company					
	Share capital HK$'000	Other reserves HK$'000	Retained profits HK$'000	Shareholders' funds HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2017	118,357	2,397,166	1,555,556	4,071,079	105,110	4,176,189
Profit/(loss) for the year	–	–	279,882	279,882	(1,444)	278,438
Other comprehensive income:						
Net exchange differences	–	240,187	–	240,187	14,498	254,685
Share of exchange reserve of a joint venture	–	8,973	–	8,973	1,583	10,556
Realization of exchange reserves upon disposal of subsidiaries	–	(4,183)	–	(4,183)	–	(4,183)
Change in fair value of available-for-sale financial assets	–	(64,126)	–	(64,126)	–	(64,126)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	–	(100)	–	(100)	–	(100)
Fair value gain on transfer of property from property, plant and equipment and land use right to investment property, net of deferred tax	–	11,876	–	11,876	–	11,876
Total comprehensive income for the year	–	192,627	279,882	472,509	14,637	487,146
Transactions with owners:						
2017 special dividend paid	–	–	(47,143)	(47,143)	–	(47,143)
2017 final dividend paid	–	–	(47,143)	(47,143)	–	(47,143)
2018 interim dividend paid	–	–	(35,233)	(35,233)	–	(35,233)
Repurchase of shares	(915)	(9,943)	–	(10,858)	–	(10,858)
Increase of interest in a subsidiary	–	–	(916)	(916)	1,380	464
At 31 March 2018	117,442	2,579,850	1,705,003	4,402,295	121,127	4,523,422

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 March 2019

	Attributable to equity holders of the Company					
	Share capital HK$'000	Other reserves HK$'000	Retained profits HK$'000	Shareholders' funds HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31 March 2018	117,442	2,579,850	1,705,003	4,402,295	121,127	4,523,422
Profit/(loss) for the year	–	–	167,842	167,842	(330)	167,512
Other comprehensive income:						
Net exchange differences	–	(185,962)	–	(185,962)	(5,512)	(191,474)
Share of exchange reserve of a joint venture	–	(8,537)	–	(8,537)	(1,506)	(10,043)
Change in fair value of financial assets at fair value through other comprehensive income	–	(40,244)	–	(40,244)	–	(40,244)
Total comprehensive (loss)/income for the year	–	(234,743)	167,842	(66,901)	(7,348)	(74,249)
Transactions with owners:						
2018 final dividend paid	–	–	(46,977)	(46,977)	–	(46,977)
2019 interim dividend paid	–	–	(35,233)	(35,233)	–	(35,233)
Increase of interest in a subsidiary	–	–	(311)	(311)	311	–
At 31 March 2019	**117,442**	**2,345,107**	**1,790,324**	**4,252,873**	**114,090**	**4,366,963**

The notes on pages 107 to 195 are an integral part of the consolidated financial statements.

1. GENERAL INFORMATION

Chuang's China Investments Limited (the "Company") is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is 25th Floor, Alexandra House, 18 Chater Road, Central.

As at 31 March 2019, the Company was a 60.7% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The board of Directors (the "Board") regards CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property development, investment and trading, hotel operation and management, development and operation of cemetery, sales of goods and merchandises (including art pieces), and securities investment and trading.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted for the preparation of these consolidated financial statements are set out below, which have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) Effect of adopting new standards, amendments to standards and new interpretation

For the financial year ended 31 March 2019, the Group adopted the following new standards, amendments to standards and new interpretation that are effective for the accounting periods beginning on or after 1 April 2018 and relevant to the operations of the Group:

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendment)	Clarifications to HKFRS 15
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed in note 2(a)(iii) below. The other amendments to standards and new interpretation did not have significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

(ii) New standards, amendments to standards and new interpretation that are not yet effective

The following new standards, amendments to standards and new interpretation have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1 April 2019, but have not yet been early adopted by the Group:

HKAS 19 (Amendment)	Employee Benefits – Plan Amendment, Curtailment or Settlement (effective from 1 January 2019)
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures (effective from 1 January 2019)
HKFRS 3 (Amendment)	Definition of a Business (effective from 1 January 2020)
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation (effective from 1 January 2019)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no mandatory effective date)
HKFRS 16	Leases (effective from 1 January 2019)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle (effective from 1 January 2019)
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments (effective from 1 January 2019)
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting (effective from 1 January 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New standards, amendments to standards and new interpretation that are not yet effective (continued)

The Group will adopt the above new standards, amendments to standards and new interpretation as and when they become effective. The Group has commenced an assessment of the likely impact of adopting the above new standards, amendments to standards and new interpretation, in which the preliminary assessment of HKFRS 16 is detailed below. The Group will continue to assess the impact in more detail.

HKFRS 16 "Leases"

The new standard will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases.

At 31 March 2019, the Group had operating lease commitments of about HK$4.5 million. Upon the adoption of HKFRS 16, the majority of operating lease commitments will be recognized in the consolidated balance sheet as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortized cost and the right-of-use asset will be depreciated on a straight-line basis during the lease term.

The Group conducted preliminary assessment and estimated that the adoption of HKFRS 16 would result in recognition of right-of-use assets and lease liabilities, and the impact to the Group's results and financial position is insignificant. The Group will continue to assess the impact in more detail.

The new standard is mandatory for financial years commencing on or after 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Apart from the above, according to the Group's preliminary assessment, there was no significant impact from the other new standards, amendments to standards and new interpretation on the Group's results of operations and financial position or any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(iii) Changes in accounting policies

HKFRS 9 replaces the provisions of HKAS 39 "Financial Instruments" that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accountings. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 "Financial Instruments – Disclosures".

HKFRS 15 replaces both the provisions of HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations that related to the recognition, classification and measurement of revenue and costs.

The changes in accounting policies upon the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" are set out below:

HKFRS 9 "Financial Instruments"

Classification, measurement and derecognition of financial assets

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 April 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortized cost.

In accordance with the transitional provisions of HKFRS 9, comparative figures have not been restated.

The main effects resulting from this reclassification on the Group's consolidated balance sheet as at 1 April 2018 by the application of HKFRS 9 are as follows:

	Available-for-sale financial assets HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at fair value through profit or loss HK$'000
Opening balance – HKAS 39	234,659	–	686,897
Reclassifications	(234,659)	172,525	62,134
Opening balance – HKFRS 9	–	172,525	749,031

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(iii) Changes in accounting policies (continued)

HKFRS 9 "Financial Instruments" (continued)

Classification, measurement and derecognition of financial assets (continued)

The main effects resulting from this reclassification on the Group's consolidated balance sheet as at 31 March 2019 are as follows:

	As at 31 March 2019		
	Without the adoption of HKFRS 9 HK$'000	Effect of the adoption of HKFRS 9 HK$'000	As reported HK$'000
Available-for-sale financial assets	191,202	(191,202)	–
Financial assets at fair value through other comprehensive income	–	131,570	131,570
Financial assets at fair value through profit or loss	620,062	59,632	679,694

The adoption of HKFRS 9 has no material impact on the consolidated income statement and consolidated statement of comprehensive income. It also has no impact on the consolidated cash flow statement.

Impairment of financial assets

The Group assessed on a forward looking basis for the expected credit losses associated with its financial assets carried at amortized cost. The results of the adopted new impairment model as at 1 April 2018 have not resulted in material impact on the carrying amount of the Group's financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(iii) Changes in accounting policies (continued)

HKFRS 15 "Revenue from Contracts with Customers"

In prior reporting periods, revenue from the sale of properties was recognized when significant risks and rewards of ownership of properties have been transferred to the customers.

Under HKFRS 15, revenue from pre-sales of properties under development is recognized when or as the control of the asset is transferred to the customer. Depending on the terms of the contracts and the laws that apply to the contracts, control of the properties under development may transfer over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognizes revenue over time by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the completed property.

The progress towards complete satisfaction of the performance obligation is measured based on the property development costs incurred as a percentage of total estimated costs for completion as allocated to the contract.

The timing of revenue recognition for certain development properties, which is previously based on whether significant risks and rewards of ownership of properties transfer, will be recognized at a later point in time when the underlying property is legally and/or physically transferred to the customer under the control transfer model. Revenue for certain pre-sale properties transactions may be recognized earlier over time during the construction.

The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property will be adjusted when significant financial component exists in that contract.

Sales deposits received in relation to advanced proceeds received from customers represent contract liabilities under HKFRS 15.

The Group has elected to use a modified retrospective approach on all the uncompleted contracts as at 1 April 2018, which the cumulative impact of the adoption is recognized as an adjustment to the retained profits as at 1 April 2018 and that the comparatives are not restated. The adoption of HKFRS 15 has no material impact on the retained profits as at 1 April 2018 and therefore no adjustment was made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March and include the share of post-acquisition results and reserves of its associated companies and joint ventures attributable to the Group.

Results attributable to subsidiaries, associated companies and joint ventures acquired or disposed of during the financial period are included in the consolidated income statement from the date of acquisition or up to the date of disposal as applicable.

The gain or loss on disposal of subsidiaries, associated companies or joint ventures is calculated by reference to the share of net assets at the date of disposal including the attributable amount of goodwill not yet written off.

(c) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries (continued)

(i) Business Combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair values or the present ownership interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by HKFRS.

If the business combination is achieved in stages, the acquisition-date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in the consolidated income statement.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKFRS 9 either in the consolidated income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference (negative goodwill) is recognized directly in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries (continued)

(ii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the subsidiary is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated income statement. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associated company, a joint venture or a financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable HKFRSs.

(iii) Separate financial statements

In the balance sheet of the Company, investments in subsidiaries are carried at cost less impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. Summary of significant accounting policies (continued)

(e) Associated companies

An associated company is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associated companies are accounted for under the equity method of accounting. Under the equity method, the investments are initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associated companies include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associated company, any difference between the cost of the associated company and the Group's share of the net fair value of the associated company's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement where appropriate.

The share of post-acquisition profits or losses of associated companies attributable to the Group is recognized in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the share of losses of the Group in an associated company equals or exceeds its interest in the associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company), the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognizes the amount adjacent to "share of results of associated companies" in the consolidated income statement.

Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the interest in the associated companies held by the Group. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses arising from investments in associated companies are recognized in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structures of the joint arrangements. The Group has assessed the nature of its joint arrangements and applied HKFRS 11 in preparing the consolidated financial statements.

Joint operation
A joint arrangement which does not involve the establishment of a separate entity but involves the joint control and ownership by the Group and other parties of assets contributed to, or acquired for the purpose of, the joint arrangement is accounted for as a joint operation. The Group's share of joint operation and any liabilities incurred jointly with other joint operation partners are recognized and classified according to the nature of the relevant items. Income from the sale or use of the Group's share of the output of joint operation is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group, while the Group's share of expenses in respect of joint operation is recognized as incurred.

Joint venture
Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognize further losses, unless it has incurred obligation or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint venture are eliminated to the extent of the interest in the joint venture held by the Group. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint venture have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2. Summary of significant accounting policies (continued)

(g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired subsidiaries, associated companies or joint ventures attributable to the Group at the effective date of acquisition, and in respect of an increase in holding in a subsidiary, it is regarded as a transaction with non-controlling interest. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Goodwill on acquisitions of subsidiaries is included in intangible assets while goodwill on acquisitions of associated companies or joint ventures is included in investments in associated companies or joint ventures respectively. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognized directly in the consolidated income statement.

Goodwill is tested for impairment at least annually and whenever there is an indication for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose has been identified according to operating segment.

Impairment testing of the investments in subsidiaries, associated companies and joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, associated companies and joint ventures in the period the dividend is declared or if the carrying amounts of the investments in the separate financial statements exceed the carrying amounts in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives at the following annual rates:

Buildings	2% to 5%
Plant and machinery	10% to 20%
Furniture and fixtures	10% to 67%
Other assets	10% to 30%

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date. Where the estimated recoverable amounts have declined below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts.

Gain or loss on disposal is determined as the difference between the net sales proceeds and the carrying amount of the relevant assets, and is recognized in the consolidated income statement.

(i) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment properties also include properties that are being constructed or developed for future use as investment properties.

Investment properties comprise land held under operating leases and buildings held under finance leases. Land held under operating leases is classified and accounted for as investment properties when the rest of the definition of investment properties is met. The operating lease is accounted for as if it were a finance lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investment properties (continued)

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalized as part of its cost. Borrowing costs are capitalized while acquisition or construction is actively underway and will be ceased once the asset is substantially completed, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis of the carrying amounts in the consolidated financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non-standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar constructions
- Status of construction permits

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as liabilities, including finance lease liabilities in respect of leasehold lands classified as investment property; others, including contingent rent payments, are not recognized in the consolidated financial statements. The fair value of investment property also reflects the market values of comparable properties which have been recently transacted, adjusted for any qualitative differences that may affect the price such as location, floor area, quality and the finishes of the building and other related factors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investment properties (continued)

Subsequent expenditure is capitalized to the carrying amount of the property only when it is probable that future economic benefits associated with the property will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Changes in fair values of investment properties are recognized in the consolidated income statement. Investment property is derecognized either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Investment properties under construction have been valued at the balance sheet date. All fair value gains or losses are recognized in the consolidated income statement as fair value gains or losses.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

If an owner-occupied property becomes an investment property because its use has changed, any difference resulting from the carrying amount and the fair value of this property at the date of transfer is recognized in other comprehensive income as revaluation reserve of property, plant and equipment. However, if the fair value gives rise to a reversal of a previous impairment, this amount is recognized in the consolidated income statement. This revaluation reserve shall remain and be transferred to retained profits upon disposal of this property.

If a property for/under development or a property for sale becomes an investment property when there is a change in use, any difference resulting from the fair value of the property at that date and its previous carrying amount is recognized in the consolidated income statement.

The investment properties are classified under non-current assets except for those properties which are expected to be disposed of within one year and are classified under current assets.

2. Summary of significant accounting policies (continued)

(j) Land use rights

Land use rights represent non-refundable rental payments for lease of land. The up-front prepayments made for land use rights are amortized on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the consolidated income statement. The amortization of the land use rights is capitalized under the relevant assets when the properties on the lands are under construction. In all other cases, the amortization is recognized in the consolidated income statement. No amortization is provided for the land use rights recorded under properties for sale.

(k) Cemetery assets

Cost of cemetery assets comprises land use rights and costs of development expenditures incurred for the grave plots and niches for cremation urns. Cemetery assets are classified as current assets unless the construction period of the relevant grave plots or niches for cremation urns is expected to complete beyond the normal operating cycle.

Grave plots and niches for cremation urns are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for cemetery assets less all estimated costs of completion and costs necessary to make the sale.

(l) Properties for/under development

Properties for/under development are stated at lower of cost and net realizable value. Costs include land use rights, development and construction expenditures incurred and any borrowing costs capitalized and other direct costs attributable to the development. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses and costs to complete.

Properties for/under development are classified as properties for sale under current assets unless the construction period of the relevant development project is expected to complete beyond the normal operating cycle.

(m) Properties for sale

Properties for sale which include properties under development (note 2(l)) and completed properties are classified under current assets and comprise land use rights, development and construction expenditures, any borrowing costs capitalized and other direct costs attributable to the development. Properties for sale are carried at the lower of cost and net realizable value. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses and costs to complete.

2. Summary of significant accounting policies (continued)

(n) Financial assets

(a) Accounting policies applied until 31 March 2018

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative figures. As a result, the comparative figures provided continues to be accounted for in accordance with the Group's previous accounting policies. Until 31 March 2018, the Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are classified as current assets if they are either held for trading or are expected to be realized within twelve months from the balance sheet date. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated income statement, and subsequently carried at fair value.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are carried at amortized cost using effective interest method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months from the balance sheet date. Available-for-sale financial assets are initially recognized at fair value plus transaction costs, and subsequently carried at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial assets (continued)

(a) Accounting policies applied until 31 March 2018 (continued)

(iv) Recognition and measurement

Regular purchases and sales of investments are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Realized and unrealized gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are included in the consolidated income statement in the financial period in which they arise. Unrealized gains and losses arising from the change in the fair value of available-for-sale financial assets are recognized in other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are recognized in the consolidated income statement as gains or losses.

(b) Accounting policies applied from 1 April 2018

(i) Classification

From 1 April 2018, the Group classifies its financial assets in the measurement categories of those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss) and those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in OCI or profit or loss. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial assets (continued)

(b) Accounting policies applied from 1 April 2018 (continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income and net gains using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in consolidated income statement and presented in other income and net gains together with foreign exchange gains and losses. Impairment losses, if material, are presented as separate line item in the consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in consolidated income statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income and net gains. Interest income from these financial assets is included in other income and net gains using the effective interest rate method. Foreign exchange gains and losses are presented in other income and net gains and impairment losses, if material, are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial assets (continued)

(b) Accounting policies applied from 1 April 2018 (continued)

(iii) Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in consolidated income statement when the Group's right to receive payments is established.

(o) Impairment of financial assets

Until 31 March 2018, the Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated income statement, is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on available-for-sale financial assets are not reversed through the consolidated income statement.

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debtors, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Group's other financial assets carried at amortized cost include loans and receivables, other receivables, amounts due from associated companies and a joint venture. The impairment loss of other financial assets carried at amortized cost is measured based on twelve months expected credit loss. The twelve months expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within twelve months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

2. Summary of significant accounting policies (continued)

(p) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(q) Inventories

Inventories, which mainly comprise merchandises and art pieces, are stated at the lower of cost and net realizable value. Cost is calculated on the specific identification basis. The cost of inventory includes expenditure that is directly attributable to the acquisition of the asset. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(r) Trade and other debtors

Trade and other debtors are amounts due from customers for properties and goods and merchandises sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognized initially at the amount of consideration that is unconditional and subsequently measured at amortized cost using the effective interest method, less provision for impairment, as the Group holds the trade and other debtors with the objective to collect the contractual cash flows and those cash flows represent solely payments of principal and interest. The Group's impairment policies are set out in note 2(o). The carrying amount of trade and other debtors is reduced through the use of an allowance account and the amount of the provision is recognized in the consolidated income statement within administrative and other operating expenses. When a debtor is uncollectible, it is written off against the allowance account for trade and other debtors. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

(t) Creditors and accruals

Creditors and accruals are obligations to pay for goods or merchandises or services that have been acquired in the ordinary course of business from suppliers. Creditors and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Creditors and accruals are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(u) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2. Summary of significant accounting policies (continued)

(v) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

(w) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial liability, including fees and commissions to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortized cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2. Summary of significant accounting policies (continued)

(x) Current and deferred taxation

The tax expenses for the year comprise current and deferred taxes. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group, its associated companies and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be payable to the tax authorities.

Deferred taxation is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred taxation liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred taxation assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxation liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associated companies and joint arrangements, except for deferred taxation liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets are recognized on deductible temporary differences arising from investments in subsidiaries, associated companies and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the consolidated income statement on a straight-line basis over the period of lease.

(z) Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for goods supplied, and is shown, net of value-added taxes, returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Revenue is recognized when it is probable that future economic benefits will flow to the Group and specific criteria for each of the Group's activities as described below have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Revenue from sales of properties is recognized when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognizes revenue over time in accordance with the input method for measuring progress. Otherwise, revenue is recognized at a point in time when the customer obtains control of the completed property.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognized when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Contract acquisition costs incurred to obtain contracts are capitalized and amortized when the related revenue is recognized.

2. Summary of significant accounting policies (continued)

(z) Revenue and income recognition (continued)

(ii) Rental income, net of incentives given to lessees, is recognized on a straight-line basis over the period of the respective leases.

(iii) Sales of cemetery assets are recognized when the control of the asset is transferred to the customer, which are when the customer obtains the physical possession or the legal title of the relevant cemetery assets and the Group has present right to payment and the collection of the consideration is probable.

(iv) Sales of goods and merchandises are recognized when the control of the asset is transferred to the customer, which generally coincide with the time when goods and merchandises are delivered to the customers and legal title has been passed.

(v) Gain or loss from securities trading is recognized on the transaction date when the relevant sale and purchase contracts are entered into.

(vi) Service and management fees are recognized when the services are rendered.

(vii) Interest income is recognized on a time proportion basis, using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.

(viii) Dividend income is recognized when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Borrowing costs

Interest and related costs on borrowings attributable to the construction or acquisition of an asset that necessarily takes a substantial period of time to complete and prepare for its intended use or sale are capitalized as part of the cost of their assets. All other borrowing costs are charged to the consolidated income statement in the financial period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

(ab) Employee benefits

Contributions to defined contribution retirement schemes such as the Mandatory Provident Fund Scheme in Hong Kong and the respective government employee retirement benefit schemes in the People's Republic of China (the "PRC") and other countries are charged to the consolidated income statement in the financial period to which the contributions relate. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee entitlements to annual leaves are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leaves are not recognized until the time of leaves.

Provisions for bonus entitlements are recognized when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Such bonuses are payable within twelve months from the balance sheet date.

(ac) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks and financial institutions with maturity within three months from the date of placement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ad) Translation of foreign currencies

Transactions included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the balance sheet date are recognized in the consolidated income statement.

The results and financial position of all the entities in the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the rate of exchange ruling at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and

(iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to the consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in the consolidated income statement.

2. Summary of significant accounting policies (continued)

(ae) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors and senior management.

(af) Dividend distribution

Dividend distribution to the shareholders of the Company is recognized as a liability in the consolidated financial statements in the financial period in which the dividends are approved by the Company's shareholders or Directors as applicable.

(ag) Financial guarantee liabilities

The Group provides financial guarantees to banks for mortgage loans made by the banks to certain purchasers of the Group's properties in the PRC.

Financial guarantees are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of (1) the amount determined in accordance with the expected credit loss model under HKFRS 9; and (2) the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associated companies or joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The overall risk management programme of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Financial risk management is carried out by the finance department under policies approved by the Board. The Board provides principles for overall risk management, as well as written policies covering specific areas.

(i) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial assets (other than financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss) after deducting any impairment provision in the consolidated balance sheet. The Group's exposure to credit risk arising from debtors is set out in note 26.

Credit risk of the Group is primarily attributable to deposits with banks and financial institutions and non-current loans and receivables, as well as credit exposures to customers and other debtors. The Group has credit policies in place and exposures to these credit risks are monitored on an ongoing basis.

The Group applies the HKFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade debtors are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the debtors to settle the outstanding balance.

Management considered the credit risk of loans and receivables, other receivables, amounts due from associated companies and a joint venture is low, as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. The Group has assessed that the expected credit losses for these loans and receivables, other receivables, amounts due from associated companies and a joint venture were nil under 12 months expected losses method and no provision was recognized.

The Group manages its deposits with banks and financial institutions by monitoring credit ratings and only places deposits with banks and financial institutions with no history of defaults. As at 31 March 2019, the monies placed with banks and financial institutions in Hong Kong, the PRC and other countries amounted to approximately HK$787 million (2018: HK$367 million), HK$131 million (2018: HK$151 million) and HK$2 million (2018: HK$5 million), respectively.

3. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(i) Credit risk (continued)

In respect of credit exposures to customers, the Group normally receives deposits or progress payments from customers prior to the completion of sales of properties or goods or merchandises transactions. Customers are assessed and rated individually based on the credit quality by taking into account their financial position, credit history and other factors. Rentals in respect of investment properties are payable in advance by tenants in accordance with the lease agreements. The Group has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases. Loans and receivables are generally supported by the respective underlying assets.

In addition, the Group has other monitoring procedures to ensure that follow up action is taken to recover overdue debts. The Group reviews regularly the recoverable amount of each individual debtor to ensure that adequate impairment provision are made for irrecoverable amounts. The Group has no significant concentrations of credit risk as the receivables consist of a large number of customers.

In respect of the other debtors, amounts due from associated companies and joint venture and loans and receivables, the Group monitors the recovery of the balances closely and ensures that adequate impairment provision has been made for the estimated irrecoverable amounts.

The Group has provided guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC. Since the Group is able to retain the purchasers' deposits and sell the properties to recover any amounts paid by the Group to the banks, the management considers that the Group's credit risk is minimal (see also note 37).

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group has put in place a policy of obtaining long-term banking facilities to match its long-term investments in Hong Kong, the PRC and other countries. The Group also maintains a conservative level of liquid assets to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the ordinary course of business. In addition, as at 31 March 2019, the Group has standby banking facilities to provide contingent liquidity support which amounted to approximately HK$464 million (2018: HK$564 million). Details of the bank borrowings are disclosed in note 33.

3. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(ii) Liquidity risk (continued)

The table below analyzes the Group's financial liabilities that will be settled in relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The amounts disclosed in the table are the contractual undiscounted cash flows including interest payment. It excludes the financial guarantees provided by the Group (note 37) as management considers the likely crystallization of the guarantees to be minimal.

	Within the first year HK$'000	Within the second year HK$'000	Within the third to fifth years HK$'000	After the fifth year HK$'000	Total HK$'000
2019					
Creditors and accruals	**210,625**	**–**	**–**	**–**	**210,625**
Bank borrowings	**1,147,974**	**135,303**	**957,494**	**–**	**2,240,771**
Loans and payables with non-controlling interests	**–**	**–**	**–**	**24,879**	**24,879**
Other non-current liabilities	**–**	**–**	**–**	**36,726**	**36,726**
	1,358,599	**135,303**	**957,494**	**61,605**	**2,513,001**
2018					
Creditors and accruals	181,138	–	–	–	181,138
Bank borrowings	511,194	381,712	855,059	–	1,747,965
Loans and payables with non-controlling interests	–	–	–	29,905	29,905
Other non-current liabilities	–	–	–	64,277	64,277
	692,332	381,712	855,059	94,182	2,023,285

3. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the position of the Group may be adversely affected by the changes in market interest rate. The policy of the Group involves close monitoring of interest rate movements and replacing and entering into new banking facilities when favourable pricing opportunities arise.

The interest rate risk of the Group arises from interest-bearing loans and receivables, bank deposits, bank borrowings, bond investments in the financial assets at fair value through profit or loss. Loans and receivables, bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bond investments at fixed rates expose the Group to fair value interest rate risk. The Group currently does not have any interest rate hedging policy in relation to interest rate risk. The Board monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

As at 31 March 2019, if interest rates had been 0.5% (2018: 0.5%) higher/lower with all other variables held constant, the pre-tax result of the Group would have decreased/increased by approximately HK$3,708,000 (2018: HK$1,424,000).

(iv) Foreign exchange risk

Foreign exchange risk arises on monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the presentation currency of the Group are not taken into consideration.

The Group mainly operates in Hong Kong, the PRC, the United Kingdom and Malaysia. The Group has no significant foreign exchange risk due to limited foreign currency transactions other than the functional currencies of the respective entities.

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(v) Price risk

The Group is exposed to securities and bond investments price risk because investments held by the Group are classified as financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets) and financial assets at fair value through profit or loss. Unrealized gains and losses arising from the change in the fair value of financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets) and financial assets at fair value through profit or loss are recognized in other comprehensive income and the consolidated income statement respectively. Until 31 March 2018, when available-for-sale financial assets were impaired, the accumulated fair value adjustments were recognized in the consolidated income statement as losses. To manage its price risk arising from investments in securities and bond investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below summarizes the impact of increase/decrease of the market price of the Group's publicly-traded investments by 5% (2018: 5%) with all other variables held constant:

	Impact on pre-tax result		**Impact on investment revaluation reserve**	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
5% change in market price	**31,003**	34,345	**5,995**	8,007

(b) Capital risk management

The objectives of the Group when managing capital are to safeguard the ability of the Group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings (including short-term and long-term bank borrowings as shown in the consolidated balance sheet) less cash and bank balances and financial assets at fair value through profit or loss. Total capital represents shareholders' funds as shown in the consolidated balance sheet. The net debt to equity ratio as at 31 March 2019 is 11.3% (2018: 9.6%).

3. Financial risk management (continued)

(c) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current price within the bid-ask spread which is the most representative of the fair value in the given circumstances.

The fair values of long-term loans and receivables and bank borrowings are estimated using the expected future payments discounted at market interest rates. The carrying values of the long-term loans and receivables and bank borrowings approximate their fair values since they are floating interest rate loans and receivables and borrowings.

The carrying values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, including debtors and prepayments, cash and bank balances, creditors and accruals and current bank borrowings approximate their fair values.

The Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level in the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 31 March 2019 and 2018. The investment properties are measured at fair value and disclosed in note 16.

	Level 1 HK$'000	Level 3 HK$'000	Total HK$'000
2019			
Assets			
Financial assets at fair value through other comprehensive income			
– Listed securities	**119,896**	**–**	**119,896**
– Unlisted investments	**–**	**11,674**	**11,674**
	119,896	**11,674**	**131,570**
Financial assets at fair value through profit or loss			
– Listed bond investments	**620,062**	**–**	**620,062**
– Unlisted investments	**–**	**59,632**	**59,632**
	620,062	**59,632**	**679,694**
Total assets	**739,958**	**71,306**	**811,264**
2018			
Assets			
Available-for-sale financial assets			
– Listed securities	160,140	–	160,140
– Unlisted investments	–	74,519	74,519
	160,140	74,519	234,659
Financial assets at fair value through profit or loss			
– Listed bond investments	686,897	–	686,897
Total assets	847,037	74,519	921,556

3. Financial risk management (continued)

(c) Fair value estimation (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for these financial assets held by the Group, which are listed securities and bond investments, is the current price within the bid-ask spread in stock market and bond market. These instruments are included in level 1 which comprise primarily investments classified as financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets) (listed securities) and financial assets at fair value through profit or loss (listed bond investments).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 which comprises primarily unlisted investments classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss (2018: available-for-sale financial assets).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- Other techniques, such as discounted cash flow analysis and option pricing models, are used to determine fair value for the remaining financial instruments

There was no transfer of financial assets among fair value hierarchy classifications for the years ended 31 March 2019 and 2018.

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

The following table presents the changes in level 3 instruments of the Group for the years ended 31 March 2019 and 2018.

	For the year ended 31 March		
	2019	**2019**	2018
	Financial assets at fair value through other comprehensive income HK$'000	**Financial assets at fair value through profit or loss HK$'000**	Available-for-sale financial assets HK$'000
At 1 April	**–**	**–**	11,280
Reclassification upon the adoption of HKFRS 9 *(note 2(a)(iii))*	**12,385**	**62,134**	–
Additions	**–**	**–**	62,134
Changes in fair value recognized in consolidated income statement	**–**	**838**	–
Changes in exchange rates	**(711)**	**(3,340)**	1,105
At 31 March	**11,674**	**59,632**	74,519

4. Critical accounting estimates and judgments

Estimates and judgments used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The estimates and assumptions that may have a significant effect on the carrying values of assets and liabilities are discussed below:

(a) Estimate of fair value of investment properties

The valuation of investment properties is mainly performed in accordance with "The HKIS Valuation Standards 2017 Edition" published by the Hong Kong Institute of Surveyors and other international valuation standards. Details of the judgment and assumptions have been disclosed in note 16.

(b) Classification of investment properties

In making the judgment to determine whether a property qualifies as investment property, the Group considers whether the property (land or building) is held to earn rental or for capital appreciation rather than for use in the production or supply of goods and services or sale and the Group has the financing capability to hold the property for long-term strategic investment.

To transfer a property to an investment property, there must be a change in use. To conclude if a property has changed its use, management assesses whether the property meets the definition of investment property as aforementioned and the change must be supported by evidence.

The Group considers each property separately in making its judgment.

(c) Recoverability of properties for/under development, properties for sale and cemetery assets

The Group assesses the carrying values of properties for/under development, properties for sale and cemetery assets according to their estimated recoverable amounts or net realizable values based on assessment of the realizability of these properties/assets, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision for impairment is made when events or changes in circumstances indicate that the carrying values may not be realized. The assessment requires the use of judgment and estimates.

For recoverability assessment purpose, the valuation of certain properties for/under development, properties for sale and cemetery assets is mainly performed in accordance with "The HKIS Valuation Standards 2017 Edition" published by the Hong Kong Institute of Surveyors and other international valuation standards.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(d) Income taxes, land use taxes, land appreciation taxes and deferred taxes

The Group is subject to income taxes, land use taxes, land appreciation taxes and deferred taxes mainly in Hong Kong, the PRC and other countries. Significant judgment is required in determining the provision for taxation for each entity of the Group. 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 estimates is different from the amounts that are initially recorded, such differences will impact the current and deferred taxation in the financial period in which such determination is made.

The Group has rebutted the presumption that the carrying amount of the investment properties located in the PRC measured at fair value will be recovered entirely through sale. The investment properties are held within a business model whose objective is to consume its economic benefit over time.

Deferred taxation assets relating to tax losses are recognized when management considers to be probable that future taxation profit will be available against which the tax losses can be utilized. The outcome of their actual utilization may be different.

(e) Critical judgment for business combination

The Group completed a transaction during the year ended 31 March 2018. The Group assessed the acquisition in accordance with HKFRS and concluded that the acquisition constituted business combinations. To account for the assets acquired and liabilities assumed, significant judgment was required in determining the fair values of the identifiable assets and liabilities.

(f) Revenue recognition

Revenue from property development activities is recognized over time when the Group's performance 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; otherwise, revenue is recognized at a point in time when the buyer obtains control of the completed property. The properties contracted for pre-sale to customers have generally no alternative use for the Group due to contractual restrictions. However, whether there is an enforceable right to payment and hence the related contract revenue should be recognized over time, depends on the terms of each contract and the relevant laws that apply to that contract. To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts and the relevant local laws, considered the local regulators' views and obtained legal advice, where necessary.

5. REVENUES

Revenues recognized during the year are as follows:

	2019	2018
	HK$'000	HK$'000
Sales of properties	**71,469**	59,170
Rental income and management fees	**71,087**	52,111
Sales of cemetery assets	**14,383**	16,038
Sales of goods and merchandises	**–**	2,211
Interest income from financial assets at fair value through profit or loss	**42,877**	44,754
	199,816	174,284

Comparative figures have been reclassified to conform with current year's presentation: a reclassification of net realized gain and net fair value loss of financial assets at fair value through profit or loss of HK$5,758,000 and HK$11,215,000 respectively from "Revenues and net (loss)/gain" to "Other income and net (loss)/gain" (note 7) to reflect the current assessment on the performance of the respective investments from the management of the Group.

6. SEGMENT INFORMATION

(a) Segment information by business lines

The CODM has been identified as the Executive Directors and senior management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from a business perspective, including property development, investment and trading, development and operation of cemetery, sales of goods and merchandises, securities investment and trading and others (including hotel operation and management). The CODM assesses the performance of the operating segments based on the measure of segment result.

6. SEGMENT INFORMATION (continued)

(a) Segment information by business lines (continued)

The segment information by business lines is as follows:

	Property development, investment and trading HK$'000	Cemetery HK$'000	Sales of goods and merchandises HK$'000	Securities investment and trading HK$'000 (Note 5)	Others and corporate HK$'000	2019 Total HK$'000
Revenues from contracts with customers:						
– Recognized at a point in time	71,469	14,383	–	–	–	85,852
Revenues from other sources	71,087	–	–	42,877	–	113,964
Revenues	142,556	14,383	–	42,877	–	199,816
Other income and net gain/(loss)	595	155	120	(12,904)	10,428	(1,606)
Operating profit/(loss)	397,548	(3,275)	(246)	29,099	(116,362)	306,764
Finance costs	(54,274)	–	–	(5)	–	(54,279)
Share of results of associated companies	–	–	–	–	(1,999)	(1,999)
Share of result of a joint venture	24,019	–	–	–	–	24,019
Profit/(loss) before taxation	367,293	(3,275)	(246)	29,094	(118,361)	274,505
Taxation (charge)/credit	(107,986)	1,102	–	(109)	–	(106,993)
Profit/(loss) for the year	259,307	(2,173)	(246)	28,985	(118,361)	167,512
Segment assets	4,823,700	1,117,226	52,476	679,987	695,820	7,369,209
Associated companies	–	–	–	–	15,723	15,723
Joint venture	366,587	–	–	–	–	366,587
Total assets	5,190,287	1,117,226	52,476	679,987	711,543	7,751,519
Total liabilities	3,072,899	276,235	50	17,134	18,238	3,384,556
Other segment items are as follows:						
Capital expenditure	273,911	16,689	–	–	–	290,600
Depreciation	4,450	801	105	–	10,153	15,509
Amortization of land use rights	–	59	–	–	–	59
Reversal of provision for impairment of properties for sale	(997)	–	–	–	–	(997)
Reversal of provision for impairment of trade debtors	–	(1,885)	–	–	–	(1,885)
Fair value gain on transfer of properties from properties for sale to investment properties	(6,349)	–	–	–	–	(6,349)
Change in fair value of investment properties	(363,780)	–	–	–	–	(363,780)

6. SEGMENT INFORMATION (continued)

(a) Segment information by business lines (continued)

	Property development, investment and trading HK$'000	Cemetery HK$'000	Sales of goods and merchandises HK$'000	Securities investment and trading HK$'000 *(Note 5)*	Others and corporate HK$'000	2018 Total HK$'000
Revenues	111,281	16,038	2,211	44,754	–	174,284
Other income and net gain/(loss)	18,442	(1,819)	120	(6,183)	16,956	27,516
Operating profit/(loss)	453,596	(4,765)	(128)	38,072	(97,138)	389,637
Finance costs	(29,175)	(2,246)	–	–	–	(31,421)
Share of results of associated companies	–	–	–	–	(2,199)	(2,199)
Share of result of a joint venture	10,335	–	–	–	–	10,335
Profit/(loss) before taxation	434,756	(7,011)	(128)	38,072	(99,337)	366,352
Taxation (charge)/credit	(89,615)	1,701	–	–	–	(87,914)
Profit/(loss) for the year	345,141	(5,310)	(128)	38,072	(99,337)	278,438
Segment assets	4,130,961	1,184,871	52,584	687,526	672,800	6,728,742
Associated companies	–	–	–	–	17,594	17,594
Joint venture	355,798	–	–	–	–	355,798
Total assets	4,486,759	1,184,871	52,584	687,526	690,394	7,102,134
Total liabilities	2,233,591	323,846	100	85	21,090	2,578,712
Other segment items are as follows:						
Capital expenditure	524,986	288	–	–	635	525,909
Depreciation	618	813	113	–	10,224	11,768
Amortization of land use rights	16	60	–	–	–	76
Gain on settlement of deferred consideration *(note 7(b))*	(17,197)	–	–	–	–	(17,197)
Fair value gain on transfer of properties from properties for sale to investment properties	(232,664)	–	–	–	–	(232,664)
Change in fair value of investment properties	(170,830)	–	–	–	–	(170,830)

6. Segment information (continued)

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues are presented by the countries where the customers are located. Non-current assets, total assets and capital expenditure are presented by the countries where the assets are located. The segment information by geographical area is as follows:

	Revenues		Capital expenditure	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**42,877**	46,154	**223,926**	69,233
The PRC	**95,767**	85,356	**65,346**	105,470
United Kingdom	**42,710**	39,031	**–**	–
Malaysia	**18,462**	2,932	**1,328**	351,206
Other countries	**–**	811	**–**	–
	199,816	174,284	**290,600**	525,909

	Non-current assets *(Note)*		Total assets	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**46,820**	49,932	**2,428,642**	1,892,361
The PRC	**2,155,425**	2,127,292	**3,868,095**	3,714,095
United Kingdom	**1,063,920**	1,082,655	**1,075,077**	1,097,221
Malaysia	**342,060**	355,738	**345,173**	362,190
Other countries	**–**	–	**34,532**	36,267
	3,608,225	3,615,617	**7,751,519**	7,102,134

Note: Non-current assets in geographical segment represent non-current assets other than financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets) and loans and receivables and other deposits.

7. Other income and net (loss)/gain

	2019 HK$'000	2018 HK$'000
Interest income from bank deposits	**6,449**	8,939
Dividend income from financial assets at fair value through other comprehensive income	**4,924**	–
Dividend income from available-for-sale financial assets	**–**	5,058
Gain on disposal of available-for-sale financial assets	**–**	166
Net realized (loss)/gain of financial assets at fair value through profit or loss *(note 5)*	**(2,980)**	5,758
Net fair value loss of financial assets at fair value through profit or loss *(note 5)*	**(10,488)**	(11,215)
Negative goodwill on acquisition of subsidiaries, net of transaction costs *(note a)*	**–**	875
Gain on settlement of deferred consideration *(note b)*	**–**	17,197
Net gain on disposal of property, plant and equipment	**3**	–
Net exchange (loss)/gain	**(477)**	530
Sundries	**963**	208
	(1,606)	27,516

Notes:

(a) On 7 December 2017, the Company entered into a sale and purchase agreement with CCIL to acquire the entire equity interests in the companies that hold an investment property in Malaysia at a net consideration of approximately MYR92 million (equivalent to approximately HK$185 million) (the "Malaysia Acquisition"). The Malaysia Acquisition was announced by the Company on 7 December 2017 and published in the circular on 11 January 2018 respectively. The transaction was completed on 5 February 2018. A negative goodwill of HK$0.9 million (after netting of transaction costs of HK$3 million) was recognized upon completion of the transaction. Details of the Malaysia Acquisition are shown in note 38(b)(ii).

(b) On 21 January 2017, the Company entered into a sale and purchase agreement with Midas International Holdings Limited (now changed its name to Magnus Concordia Group Limited) ("Midas"), a listed subsidiary of CCIL at that time, to acquire its equity interests in the companies that hold and operate a cemetery located in Sihui, the PRC, at a consideration of RMB398 million (equivalent to approximately HK$449 million) (the "Cemetery Acquisition"). The Cemetery Acquisition was announced by the Company on 22 January 2017 and published in the circular on 8 March 2017 respectively.

In accordance with the terms and conditions of the sale and purchase agreement of the Cemetery Acquisition, on 8 March 2018, the Group had settled the deferred consideration of RMB100 million (equivalent to approximately HK$124 million) through the disposal of its wholly-owned subsidiaries (which held 18 residential units of properties for sale at Changsha, the PRC of RMB46.1 million (equivalent to approximately HK$57.2 million), cash and bank balances of RMB54.0 million (equivalent to approximately HK$66.9 million) and current liabilities of RMB0.1 million (equivalent to approximately HK$0.1 million)) to Midas (the "Changsha Disposal"). The Changsha Disposal was announced by the Company on 8 March 2018. The Group shall indemnify Midas with the maximum amount of RMB6.8 million (equivalent to approximately HK$7.9 million) for certain PRC tax liabilities arising from the subsequent sales of these properties by Midas for a period of three years from the date of completion of the Changsha Disposal on 8 March 2018 (note 29(d)). A gain on settlement of deferred consideration, together with the tax indemnity and the related PRC withholding corporate income tax arising from the Changsha Disposal were recorded in this note and "Taxation" (note 12) respectively. Details of the Changsha Disposal are shown in note 38(b)(i).

8. OPERATING PROFIT

	2019 HK$'000	2018 HK$'000
Operating profit is stated after crediting:		
Gross rental income from properties	**70,129**	51,161
Reversal of provision for impairment of properties for sale	**997**	–
Reversal of provision for impairment of trade debtors	**1,885**	–
and after charging:		
Amortization of land use rights	**59**	76
Auditors' remuneration		
Audit and audit related services	**2,408**	2,351
Non-audit services	**780**	1,938
Cost of properties sold	**43,686**	35,654
Cost of cemetery assets sold	**6,169**	7,373
Cost of inventories sold	**–**	1,688
Depreciation	**15,509**	11,768
Operating lease rental on land and buildings	**5,060**	7,470
Outgoings in respect of properties	**11,601**	3,363
Staff costs, including Directors' emoluments		
Wages and salaries	**51,669**	49,739
Retirement benefit costs *(note 9)*	**3,154**	2,972

9. EMPLOYEE RETIREMENT BENEFITS

The Group participates in defined contribution schemes in Hong Kong for all eligible employees. Contributions to these schemes are calculated based on certain percentages of the applicable payroll costs or pre-determined fixed sums. The assets of the schemes are held separately from those of the Group in independently administered funds. Among these schemes, one scheme allows contributions to it to be reduced by contributions forfeited by those employees who leave that scheme prior to vesting fully in those contributions.

The Group participates in respective government retirement benefit schemes in the PRC and Malaysia pursuant to the relevant regulations whereby the Group is required to contribute to the schemes to fund the retirement benefits of the eligible employees. Contributions made to the schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums as stipulated under the requirements in the PRC and Malaysia. The governments of the respective countries are responsible for the entire retirement benefit obligations payable to the retired employees. The Group has no other obligations apart from making ongoing contributions under the schemes.

The retirement benefit costs represent the contributions by the Group to the above schemes.

10. FINANCE COSTS

	2019 **HK$'000**	2018 HK$'000
Interest expenses of		
Bank borrowings	**68,430**	42,331
Deferred consideration of the Cemetery Acquisition	**–**	2,247
	68,430	44,578
Amounts capitalized into		
Investment properties	**(2,604)**	(1,631)
Properties under development	**(11,547)**	(11,526)
	(14,151)	(13,157)
	54,279	31,421

The capitalization rates applied to funds borrowed for the development of properties range from 3.63% to 8.08% (2018: 2.67% to 8.08%) per annum.

11. Directors', five highest paid individuals' and senior management's emoluments

(a) Directors' emoluments

Name of Director	Fees (note i)	Salaries (note ii)	Other benefits (note ii)	Retirement scheme contributions (note ii)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2019					
Mr. Albert Chuang Ka Pun[1, 2]	**30**	**2,520**	**400**	**18**	**2,968**
Miss Ann Li Mee Sum	**30**	**1,836**	**540**	**178**	**2,584**
Mr. Chong Ka Fung[3]	**30**	**–**	**–**	**–**	**30**
Mr. Sunny Pang Chun Kit	**30**	**1,980**	**–**	**149**	**2,159**
Mr. Geoffrey Chuang Ka Kam	**30**	**1,800**	**400**	**18**	**2,248**
Mr. Neville Charles Kotewall[7]	**3**	**–**	**–**	**–**	**3**
Mr. Dominic Lai[5]	**120**	**–**	**–**	**–**	**120**
Mr. Abraham Shek Lai Him[1, 4]	**300**	**–**	**–**	**–**	**300**
Mr. David Chu Yu Lin[4]	**120**	**–**	**–**	**–**	**120**
Mr. Andrew Fan Chun Wah[4]	**120**	**–**	**–**	**–**	**120**
Dr. Eddy Li Sau Hung[4]	**120**	**–**	**–**	**–**	**120**
Dr. Ng Kit Chong[4, 8]	**–**	**–**	**–**	**–**	**–**
	933	**8,136**	**1,340**	**363**	**10,772**
2018					
Mr. Abraham Shek Lai Him[1, 4]	300	–	–	–	300
Miss Ann Li Mee Sum	30	1,872	504	178	2,584
Mr. Albert Chuang Ka Pun[2]	30	1,680	400	18	2,128
Mr. Chong Ka Fung	30	–	–	–	30
Mr. Sunny Pang Chun Kit	30	1,980	–	149	2,159
Mr. Geoffrey Chuang Ka Kam[6]	10	355	120	6	491
Mr. Dominic Lai[5, 6]	40	–	–	–	40
Mr. David Chu Yu Lin[4]	120	–	–	–	120
Mr. Andrew Fan Chun Wah[4]	120	–	–	–	120
Dr. Eddy Li Sau Hung[4]	40	–	–	–	40
	750	5,887	1,024	351	8,012

11. DIRECTORS', FIVE HIGHEST PAID INDIVIDUALS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

1 Mr. Abraham Shek Lai Him retired from the Chairman and Mr. Albert Chuang Ka Pun was appointed as the Chairman on 29 April 2019
2 Mr. Albert Chuang Ka Pun was the Chief Executive Officer/Managing Director until 29 April 2019
3 Mr. Chong Ka Fung was re-designated as the Chief Executive Officer/Managing Director on 29 April 2019
4 The Independent Non-Executive Directors
5 The Non-Executive Director
6 Appointed on 1 December 2017
7 Appointed on 7 March 2019
8 Appointed on 8 May 2019

(i) The amounts represented emoluments paid or receivable in respect of a person's service as a Director, whether of the Company or its subsidiary undertakings.

(ii) The amounts represented emoluments paid or receivable in respect of a Director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

(iii) There was no arrangement under which a Director waived or agreed to waive any emoluments during the years ended 31 March 2019 and 2018.

(iv) During the year, no emoluments, retirement benefits, payments or benefits in respect of termination of Directors' services were paid or made, directly or indirectly, to the Directors, nor are any payable (2018: Nil). No consideration was provided to or receivable by third parties for making available Directors' services (2018: Nil).

(v) There are no loans, quasi-loans or other dealings in favour of Directors, their controlled bodies corporate and connected entitles (2018: None).

(vi) The Directors represent key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the Group.

(vii) The emoluments paid to the Independent Non-Executive Directors and the Non-Executive Director amounted to HK$660,000 (2018: HK$580,000) and HK$120,000 (2018: HK$40,000) respectively.

11. Directors', five highest paid individuals' and senior management's emoluments (continued)

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2018: None).

(c) Five highest paid individuals' emoluments

The five highest paid individuals in the Group include four (2018: three) Directors. Details of the emolument paid to the one (2018: two) individuals, whose emoluments were the five highest in the Group and who are not Directors, are set out below:

	2019	2018
	HK$'000	HK$'000
Salaries and other benefits	**1,200**	2,561
Retirement scheme contributions	**90**	108
	1,290	2,669

The emoluments of the individuals fall within the following band:

	Number of individuals	
Emolument band	**2019**	2018
HK$1,000,001 to HK$1,500,000	**1**	2

(d) Senior management's emoluments

The emoluments of senior management whose profiles are included in the section "Biographical Details of Directors and Senior Management" of this report fall within the following bands:

	Number of individuals	
Emolument bands	**2019**	2018
HK$1,000,000 or below	**6**	6
HK$1,000,001 to HK$1,500,000	**2**	–
	8	6

12. TAXATION

	2019	2018
	HK$'000	HK$'000
Current taxation		
PRC corporate income tax	**5,546**	3,480
PRC withholding corporate income tax *(note 7(b))*	**–**	1,883
PRC land appreciation tax	**19,974**	10,263
Others *(note 7(b))*	**–**	8,426
Overseas profit tax	**503**	112
Deferred taxation *(note 34)*	**80,970**	63,750
	106,993	87,914

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year (2018: Nil). PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. PRC withholding corporate income tax includes the relevant tax on the disposal of subsidiaries arising from the Changsha Disposal as mentioned in note 7(b). PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

There is no taxation charge/credit of associated companies for the year ended 31 March 2019 (2018: Nil). Share of deferred taxation charge of the joint venture for the year ended 31 March 2019 of HK$2,651,000 (2018: HK$1,958,000) is included in the consolidated income statement as "Share of result of a joint venture".

12. TAXATION (continued)

The tax of the profit before taxation of the Group differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2019 HK$'000	2018 HK$'000
Profit before taxation	**274,505**	366,352
Share of results of associated companies	**1,999**	2,199
Share of result of a joint venture	**(24,019)**	(10,335)
	252,485	358,216
Tax charge at the rate of 16.5% (2018: 16.5%)	**41,660**	59,106
Effect of different taxation rates in other countries	**31,798**	30,122
Effect of change in taxation rate *(note)*	**8,471**	–
Income not subject to taxation	**(19,582)**	(39,392)
Expenses not deductible for taxation purposes	**3,293**	3,881
PRC land appreciation tax deductible for taxation purposes	**(4,994)**	(2,566)
Utilization of previously unrecognized tax losses	**(2,596)**	(727)
Tax losses not recognized and others	**28,969**	27,227
	87,019	77,651
PRC land appreciation tax	**19,974**	10,263
Taxation	**106,993**	87,914

Note: This represented the effect of the increase in tax rate of the real property gains tax in Malaysia from 5% to 10% during the year ended 31 March 2019.

13. Dividends

	2019 HK$'000	2018 HK$'000
Interim dividend of 1.5 HK cents (2018: 1.5 HK cents) per share	**35,233**	35,233
Proposed final dividend of 2.0 HK cents (2018: 2.0 HK cents) per share	**46,977**	46,977
	82,210	82,210

On 25 June 2019, the Board proposed a final dividend of 2.0 HK cents (2018: 2.0 HK cents) per share amounting to HK$46,977,000 (2018: HK$46,977,000). The amount is calculated based on 2,348,835,316 issued shares as at 25 June 2019. The proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31 March 2020 upon the approval by the shareholders.

14. Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK$167,842,000 (2018: HK$279,882,000) and the weighted average number of 2,348,835,316 (2018: 2,353,113,042) shares in issue during the year.

The diluted earnings per share is equal to the basic earnings per share since there are no dilutive potential shares in issue during the years.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Other assets HK$'000	Total HK$'000
Cost					
At 1 April 2017	26,037	233	6,877	108,088	141,235
Changes in exchange rates	2,051	21	856	807	3,735
Additions	–	–	101	644	745
Acquisition of subsidiaries *(note 38(b)(ii))*	–	–	290	–	290
Transfer to investment property *(note c)*	(12,736)	–	–	–	(12,736)
Disposals	–	–	–	(618)	(618)
At 31 March 2018	15,352	254	8,124	108,921	132,651
Changes in exchange rates	(1,026)	(13)	(565)	(565)	(2,169)
Additions	–	–	13,520	22	13,542
Disposals	–	–	(86)	(3,435)	(3,521)
At 31 March 2019	**14,326**	**241**	**20,993**	**104,943**	**140,503**
Accumulated depreciation and provision for impairment					
At 1 April 2017	4,361	135	5,204	64,879	74,579
Changes in exchange rates	579	12	749	858	2,198
Charge for the year	906	21	330	10,511	11,768
Transfer to investment property *(note c)*	(3,226)	–	–	–	(3,226)
Disposals	–	–	–	(229)	(229)
At 31 March 2018	2,620	168	6,283	76,019	85,090
Changes in exchange rates	(246)	(8)	(470)	(532)	(1,256)
Charge for the year	740	19	4,380	10,370	15,509
Disposals	–	–	(86)	(3,435)	(3,521)
At 31 March 2019	**3,114**	**179**	**10,107**	**82,422**	**95,822**
Net book value					
At 31 March 2019	**11,212**	**62**	**10,886**	**22,521**	**44,681**
At 31 March 2018	12,732	86	1,841	32,902	47,561

15. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The buildings are situated on land in the PRC. Other assets comprise computer equipment, motor vehicles and yachts.

(b) Depreciation of HK$19,000 (2018: HK$19,000), HK$3,966,000 (2018: Nil) and HK$11,524,000 (2018: HK$11,749,000) have been included in cost of sales, selling and marketing expenses, and administrative and other operating expenses, respectively.

(c) During the year ended 31 March 2018, upon the change of intended use of an administration building in the PRC and as a result of the early adoption of HKAS 40 (Amendment), the Group had then reclassified it from property, plant and equipment and land use right to investment property at the fair value of HK$26,905,000 (note 16). Accordingly, fair value gain on transfer of property, net of the related deferred taxation (note 34), with a net amount of HK$11,876,000 was recorded in property, plant and equipment revaluation reserve (note 32) through other comprehensive income during the year ended 31 March 2018.

16. INVESTMENT PROPERTIES

	Properties under development	Completed properties	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2017	195,144	927,524	1,122,668
Changes in exchange rates	21,610	149,220	170,830
Additions	20,497	–	20,497
Acquisition of subsidiaries *(note 38(b)(ii))*	–	350,840	350,840
Interest expenses capitalized *(note 10)*	1,631	–	1,631
Transfer from property, plant and equipment and land use right *(note 15(c))*	–	26,905	26,905
Transfer from properties for sale *(note 24(e))*	300,275	295,570	595,845
Change in fair value	9,374	161,456	170,830
At 31 March 2018	548,531	1,911,515	2,460,046
Changes in exchange rates	(31,216)	(126,144)	(157,360)
Additions	37,275	795	38,070
Interest expenses capitalized *(note 10)*	2,604	–	2,604
Transfer from properties for sale *(note 24(e))*	–	26,461	26,461
Change in fair value	147,915	215,865	363,780
At 31 March 2019	**705,109**	**2,028,492**	**2,733,601**

16. INVESTMENT PROPERTIES (continued)

(a) Investment properties of the Group are located in the PRC, the United Kingdom and Malaysia. They were revalued at 31 March 2019 on an open market value basis by Cushman & Wakefield Limited ("C&W"), Colliers International (Hong Kong) Limited ("Colliers") and PPC International Sdn. Bhd., independent professional property valuers.

(b) Investment properties of HK$1,405,217,000 (2018: HK$2,126,767,000) have been pledged as securities for the borrowing facilities granted to the Group (note 33).

(c) Valuation processes of the Group

The Group's investment properties were revalued at 31 March 2019 by independent professional valuers who hold recognized relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department and property department review the valuations performed by the independent valuers for financial reporting purposes and report directly to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting processes. The finance department and property department:

– verifies all major inputs to the independent valuation reports;
– assesses property valuation movements when compared to the prior period valuation reports; and
– holds discussions with the independent valuers.

16. INVESTMENT PROPERTIES (continued)

(d) Valuation techniques

Fair value of completed properties in the PRC, the United Kingdom and Malaysia is generally derived using the income capitalization method and direct comparison method, wherever appropriate. Income capitalization method is based on the capitalization of the net income and reversionary potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of properties under development in the PRC is generally derived using the residual method. This valuation method is essentially a mean of valuing the completed properties by reference to its development potential by deducting development costs to completion together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

There were no changes to the valuation techniques during the year, except for a completed commercial property in the PRC, where there was a change of valuation technique from income capitalization method to direct comparison method to reflect the highest and best use of the property (2018: Nil).

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

16. INVESTMENT PROPERTIES (continued)

(e) Significant unobservable inputs used to determine fair value

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value. Capitalization rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value.

The following rental values and capitalization rates are used in the income capitalization method for the completed properties in respective locations:

	The PRC	United Kingdom	Malaysia
2019			
Rental values used for (HK$/sq. m./month):			
Commercial properties	**40–83**	**529**	**31–166**
Residential properties	**119**	**N/A**	**N/A**
Capitalization rates used for:			
Commercial properties	**3.5%–6.0%**	**4.0%**	**6.3%**
Residential properties	**2.0%**	**N/A**	**N/A**
2018			
Rental values used for (HK$/sq. m./month):			
Commercial properties	23–74	506	71–151
Residential properties	136	N/A	N/A
Capitalization rates used for:			
Commercial properties	4.0%–6.0%	5.0%	6.3%
Residential properties	2.5%	N/A	N/A

Estimated costs to completion, developer's profit and risk margins required are estimated by valuers based on market conditions at 31 March 2019 and 2018 respectively for investment properties under development in the PRC. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs and the margins, the lower the fair value.

17. LAND USE RIGHTS

	2019 HK$'000	2018 HK$'000
Land use rights	**1,721**	1,909

The interests in land use rights represent prepaid operating lease payments in the PRC. Amortization has been included in administrative and other operating expenses. Land use right of HK$1,560,000 had been transferred to investment property during the year ended 31 March 2018 (notes 15(c) and 16).

18. PROPERTIES FOR/UNDER DEVELOPMENT

	2019 HK$'000	2018 HK$'000
At the beginning of the year	**155,038**	141,759
Changes in exchange rates	**(8,544)**	13,279
At the end of the year	**146,494**	155,038

Properties for/under development of the Group are held in the PRC.

19. CEMETERY ASSETS

	2019 HK$'000	2018 HK$'000
Total cemetery assets	**1,081,724**	1,135,441
Current portion included in current assets	**(782,306)**	(557,770)
	299,418	577,671

As at 31 March 2019, cemetery assets classified as current assets amounting to approximately HK$777,401,000 (2018: HK$552,394,000) are expected to be realized after more than twelve months from the balance sheet date.

20. ASSOCIATED COMPANIES

	2019 HK$'000	2018 HK$'000
Share of net (liabilities)/assets	(1,342)	657
Loan receivable	17,065	16,937
	15,723	17,594
Unlisted investments, at cost, net	2,426	2,426

The movements of the carrying amounts of the associated companies are analyzed as follows:

	2019 HK$'000	2018 HK$'000
At the beginning of the year	17,594	21,950
Increase/(decrease) in loan receivable	128	(2,157)
Share of results	(1,999)	(2,199)
At the end of the year	15,723	17,594

Loan receivable from an associated company is unsecured, interest free and not receivable within the next twelve months from the balance sheet date.

Particulars of the associated companies are set out below:

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group 2019	Effective interest held by the Group 2018	Principal activities
Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	US$1,000,000 with 1,000,000 shares	25.0%	25.0%	Auction services
Versilcraft Holdings Limited	British Virgin Islands/ Hong Kong	US$300 with 300 shares	33.3%	33.3%	Manufacture of yacht
Versilcraft International Limited	Hong Kong	HK$1 with 1 share	33.3%	33.3%	Manufacture of yacht

There is no single associated company material to the Group.

21. JOINT VENTURE

	2019 HK$'000	2018 HK$'000
Share of net assets	**314,252**	300,276
Amount due from a joint venture	**52,335**	55,522
	366,587	355,798

The movements of the carrying amounts of the joint venture are analyzed as follows:

	2019 HK$'000	2018 HK$'000
At the beginning of the year	**355,798**	329,953
Increase in amount due from a joint venture	**–**	4,954
Change in exchange rate for amount due from a joint venture	**(3,187)**	–
Share of result	**24,019**	10,335
Share of exchange reserve	**(10,043)**	10,556
At the end of the year	**366,587**	355,798

Particulars of the joint venture are set out below:

Name	Place of incorporation/ operation	Registered capital	Interest held by the Group 2019	Interest held by the Group 2018	Principal activities
Xiamen Mingjia Binhai Resort Company Limited ("Xiamen Mingjia")	PRC	RMB150,000,000	**70.0%**	70.0%	Property and hotel development and investment
			(effective interest held by the Group is 59.5% for both 2019 and 2018)		

Share of result of a joint venture of HK$24,019,000 (2018: HK$10,335,000) in the consolidated income statement included the share of fair value gain of the investment properties (net of the related deferred taxation) of joint venture of HK$7,953,000 (2018: HK$5,873,000). As at 31 March 2019, the rental values (per sq. m. per month) and capitalization rates used in the income capitalization method for the valuation of investment properties held by the joint venture ranged from approximately HK$126 to HK$224 (2018: HK$125 to HK$228) and 3.5% to 4.0% (2018: 3.0% to 4.2%) respectively. Details of the valuation processes and techniques are set out in note 16.

21. JOINT VENTURE (continued)

Amount due from a joint venture is unsecured, interest free and not receivable within the next twelve months from the balance sheet date.

On 19 January 2017, Xiamen Mingjia as landlord entered into a tenancy agreement with Lujiang Hotel, a non-wholly-owned subsidiary of the joint venture partner and a related party of the Group, as tenant for the lease of the hotel held by Xiamen Mingjia for a term of nearly ten years from 24 March 2017 to 19 January 2027 with rental at RMB9 million per annum for years 1 to 5 and RMB10 million per annum for years 6 to 10. Details of the transaction were announced by the Company on 19 January 2017. The tenancy agreement was subsequently assigned by Lujiang Hotel to its wholly-owned subsidiary, Xiamen Mingjia Lujiang Hotel Limited ("Mingjia Lujiang Hotel").

On 30 April 2018, additional three villas situated right next to the hotel were leased to Mingjia Lujiang Hotel for a term of nearly 8.7 years from 1 May 2018 to 19 January 2027 (coterminous with the tenancy agreement of hotel) with rental at RMB159,348 per month for years 1 to 5 and RMB175,282.8 per month for year 6 onwards. Details of the transaction were announced by the Company on 30 April 2018.

Total rental income received by Xiamen Mingjia from Mingjia Lujiang Hotel for the year ended 31 March 2019 amounted to approximately HK$12,213,000 (2018: HK$10,870,000) and was included in the "Share of result of a joint venture" in the consolidated income statement.

As at 31 March 2018, the Group's commitment in the joint venture was HK$6,527,000. The joint venture is not material to the Group.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group adopted HKFRS 9 (note 2(a)(iii)) on 1 April 2018, available-for-sale financial assets have been reclassified to financial assets at fair value through other comprehensive income (2018: HK$172,525,000) and to financial assets at fair value through profit or loss (2018: HK$62,134,000).

	Financial assets at fair value through other comprehensive income 2019 HK$'000	Available-for-sale financial assets 2018 HK$'000
Listed securities in Hong Kong	**119,896**	160,140
Unlisted investments, at fair value	**11,674**	74,519
	131,570	234,659

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

(a) The movements of the financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets) of the Group are analyzed as follows:

	For the year ended 31 March	
	2019	2018
	Financial assets at fair value through other comprehensive income	Available-for-sale financial assets
	HK$'000	HK$'000
At 1 April	**–**	226,394
Reclassification from available-for-sale financial assets *(note 2(a)(iii))*	**172,525**	–
Changes in exchange rates	**(711)**	1,105
Additions	**–**	71,466
Disposals	**–**	(180)
Change in fair value recognized in other comprehensive income	**(40,244)**	(64,126)
At 31 March	**131,570**	234,659

(b) The listed securities in Hong Kong are denominated in Hong Kong dollar, whereas the unlisted investments are denominated in Renminbi (2018: Renminbi and United States dollar). The listed securities in Hong Kong represent the Group's interests in listed companies in Hong Kong. The unlisted investments represent the Group's interest in various companies with investments in various long-term projects.

23. LOANS AND RECEIVABLES AND OTHER DEPOSITS

	2019 HK$'000	2018 HK$'000
Loans to the joint venture partner *(note a)*	**11,732**	12,447
Loans receivable *(note b)*	**1,274**	–
Other deposits *(note c)*	**194,732**	–
	207,738	12,447
Current portion of loans receivable included in debtors and prepayments *(note 26)*	**(48)**	–
Loans and receivables and other deposits	**207,690**	12,447

(a) Loans to the joint venture partner are provided for financing the property project in the PRC and carry interest at prevailing lending rate quoted by the People's Bank of China. The loans and interests accrued thereon will be repaid from the joint venture partner's share of net proceeds upon the sale of properties.

(b) Loan receivable is mortgage loan provided to an independent third party to purchase the Group's property in Hong Kong. The mortgage loan is secured by the aforesaid property.

(c) Other deposits are the deposits paid for acquisition of land use rights, which are reclassified from debtors and prepayments (note 26) as at 31 March 2019 after further assessment on the project's operating cycle.

24. PROPERTIES FOR SALE

	2019	2018
	HK$'000	HK$'000
Completed properties *(notes d, e and f)*	**134,396**	170,772
Properties for/under development *(notes a, e and g)*	**1,152,953**	968,364
	1,287,349	1,139,136

(a) The movements of the properties for/under development of the Group are analyzed as follows:

	2019	2018
	HK$'000	HK$'000
At the beginning of the year	**968,364**	1,048,800
Changes in exchange rates	**(17,284)**	45,524
Property development expenditure	**208,155**	139,794
Interest expenses capitalized *(note 10)*	**11,547**	11,526
Transfer to completed properties	**(17,829)**	–
Transfer to investment properties *(notes e and 16)*	**–**	(277,280)
At the end of the year	**1,152,953**	968,364

(b) Properties for sale of the Group are located at:

	2019	2018
	HK$'000	HK$'000
In Hong Kong	**774,028**	563,083
Outside Hong Kong	**513,321**	576,053
	1,287,349	1,139,136

(c) Properties for sale of HK$774,028,000 (2018: HK$563,083,000) have been pledged as securities for the borrowing facilities granted to the Group (note 33).

(d) During the year ended 31 March 2018, completed properties for sale of HK$33,030,000 had been disposed of through Changsha Disposal (note 38(b)(i)).

24. Properties for sale (continued)

(e) During the year ended 31 March 2019, upon the change of intended use and as a result of the early adoption of HKAS 40 (Amendment) in 2018, the Group had transferred certain completed properties of HK$20,112,000 (2018: completed properties of HK$85,901,000 and properties for/under development of HK$277,280,000) in the PRC from properties for sale to investment properties at aggregate fair value of RMB22.7 million (equivalent to approximately HK$26.5 million) (2018: RMB489.7 million, equivalent to approximately HK$595.8 million) (note 16). Fair value gain on transfer of these properties of HK$6.3 million (2018: HK$232.7 million) and the related deferred taxation of HK$1.6 million (2018: HK$58.2 million) were recorded respectively.

(f) In view of the respective market conditions, management performed an impairment assessment on properties for sale and a reversal of provision for impairment of HK$997,000 (2018: Nil) is recorded for completed properties for the year ended 31 March 2019. The recoverable amount was determined based on the valuation performed by C&W, an independent professional property valuer.

(g) As at 31 March 2019, properties for/under development amounting to approximately HK$1,152,953,000 (2018: HK$968,364,000) are expected to be completed after more than twelve months from the balance sheet date.

25. Inventories

	2019	2018
	HK$'000	HK$'000
Finished goods and merchandises	**51,865**	51,865

26. DEBTORS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Trade debtors	**12,141**	12,745
Other debtors and prepayments	**45,547**	36,040
Utility and other deposits	**25,630**	231,710
	83,318	280,495

Receivables from sales of properties and cemetery assets are settled in accordance with the terms of respective contracts. Rental income and management fees are received in advance. Credit terms of sales of goods and merchandises mainly range from 30 days to 90 days.

Trade debtors of the Group mainly represent the receivables from sales of properties and cemetery assets as well as rental income and management fees from investment properties. The aging analysis of the trade debtors of the Group is as follows:

	2019 HK$'000	2018 HK$'000
Below 30 days	**2,863**	3,322
31 to 60 days	**121**	168
61 to 90 days	**143**	73
Over 90 days	**9,014**	9,182
	12,141	12,745

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade debtors. Trade debtors are grouped based on shared credit risk characteristics and the days past due as follows:

	2019 HK$'000	2018 HK$'000
Over 90 days	**9,014**	9,182

26. Debtors and prepayments (continued)

The Group determines the provision for expected credit losses by grouping together trade debtors with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions. For trade debtors relating to accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. As at 31 March 2019, no trade debtors were impaired (2018: Nil).

Other debtors of the Group include a receivable of HK$48,000 (2018: Nil) from the current portion of the mortgage loan provided to the purchaser of the Group's property in Hong Kong (note 23(b)).

As at 31 March 2019, prepayments of the Group include sales commissions of HK$15,697,000 which represent contract acquisition costs incurred to obtain property sale contracts. The Group has capitalized the amounts which will be amortized when the related revenue is recognized.

Other deposits of the Group include net deposits of HK$10,181,000 (2018: HK$214,844,000) for acquisition of property projects, properties and acquisition of land use rights after the accumulated provision for impairment of HK$11,272,000 (2018: HK$11,272,000) as at 31 March 2019 (see also note 23(c)).

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above.

Debtors and prepayments are mainly denominated in Hong Kong dollar, Renminbi, British Pound Sterling ("GBP") and Malaysian Ringgit ("MYR"). The carrying values of debtors and prepayments approximate their fair values.

27. Financial assets at fair value through profit or loss

	2019 HK$'000	2018 HK$'000
Listed bonds	**620,062**	686,897
Unlisted investments	**59,632**	–
	679,694	686,897

(a) Listed bonds are denominated in United States dollar, whereas the unlisted investments are denominated in Renminbi and United States dollars.

(b) The unlisted investments represent the Group's interests in various companies with investments in various long-term projects. The Group recorded these investments as available-for-sale financial assets prior to 1 April 2018. Following the adoption of HKFRS 9 on 1 April 2018, the investments were reclassified as financial assets at fair value through profit or loss in 2019.

(c) Financial assets at fair value through profit or loss of HK$60,600,000 (2018: HK$44,374,000) have been pledged as securities for the borrowing facilities granted to the Group (note 33).

28. Cash and bank balances

	2019 HK$'000	2018 HK$'000
Cash at bank and in hand	**470,047**	201,763
Short-term deposits	**449,455**	321,485
	919,502	523,248

Cash and bank balances of HK$298,429,000 (2018: Nil) are restricted and can only be used for the payments of construction costs of certain properties for sales, and the repayment of bank borrowings on these properties.

The effective interest rates on short-term deposits range from 0.125% to 3.05% (2018: 0.001% to 4.10%) per annum and these deposits have maturities ranging from 1 to 93 days (2018: 1 to 365 days).

28. Cash and bank balances (continued)

Cash and bank balances are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
Hong Kong dollar	**723,628**	293,690
Renminbi	**131,925**	129,358
United States dollar	**26,090**	73,472
GBP	**35,593**	21,445
MYR	**2,064**	5,083
Others	**202**	200
	919,502	523,248

Cash and bank balances of approximately HK$131 million (2018: HK$151 million) are held in the PRC and subject to local exchange control regulations. These local exchange control regulations restrict capital remittance from the country, other than through normal dividend distribution.

29. Creditors and accruals

	2019 HK$'000	2018 HK$'000
Trade creditors *(note a)*	**954**	1,058
Other creditors and accrued expenses *(note b)*	**179,064**	158,526
Amounts payable to non-controlling interests *(note c)*	**10,594**	1,823
Provision for the tax indemnity *(note d)*	**7,942**	8,426
Tenant and other deposits	**12,071**	11,305
	210,625	181,138

(a) The aging analysis of the trade creditors of the Group is as follows:

	2019 HK$'000	2018 HK$'000
Below 30 days	**854**	506
31 to 60 days	**48**	64
Over 60 days	**52**	488
	954	1,058

29. CREDITORS AND ACCRUALS (continued)

(b) Other creditors and accrued expenses of the Group include the construction cost payables and accruals of HK$110,455,000 (2018: HK$89,143,000) for the property and cemetery projects of the Group.

(c) Amounts payable to non-controlling interests are unsecured, interest free and repayable on demand.

(d) In accordance with the terms and conditions of the sale and purchase agreement of the Cemetery Acquisition relating to the Changsha Disposal as mentioned in note 7(b), the Group shall indemnify Midas with the maximum amount of RMB6.8 million (equivalent to approximately HK$7.9 million) (2018: RMB6.8 million, equivalent to approximately HK$8.4 million) for certain PRC tax liabilities arising from the subsequent sales by Midas of the properties obtained from the Changsha Disposal for a period of three years from the date of completion of the Changsha Disposal on 8 March 2018. This provision represents the Group's estimated liabilities under this indemnity.

(e) Creditors and accruals are mainly denominated in Hong Kong dollar, Renminbi, British Pound Sterling and Malaysian Ringgit. The carrying values of creditors and accruals approximate their fair values.

30. SALES DEPOSITS RECEIVED

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts.

Sales deposits of HK$1,826,000 held as at 1 April 2018 was recognized as sales of properties for the year ended 31 March 2019.

The aggregate amount of the transaction price allocated to the unsatisfied performance obligations resulting from property sales for contracts with an original expected duration of one year or more is as follows:

	2019 **HK$'000**
Expected to be recognized within one year	**7,122**
Expected to be recognized after one year	**884,759**
	891,881

31. SHARE CAPITAL

	2019	2018
	HK$'000	HK$'000
Authorized:		
18,000,000,000 shares of HK$0.05 each	**900,000**	900,000

	Number of shares	**Amount**
		HK$'000
Issued and fully paid at HK$0.05 each:		
At 1 April 2017	2,367,145,316	118,357
Repurchase of shares *(note a)*	(18,310,000)	(915)
At 31 March 2018 and 2019	**2,348,835,316**	**117,442**

All new shares rank pari passu with the existing shares.

(a) Repurchase of shares

During the year ended 31 March 2018, the Company repurchased 18,310,000 shares of its own shares on the Stock Exchange with total amount of approximately HK$10,858,000. The repurchased shares were cancelled after their repurchase.

The Company has adopted a share option scheme (the "Scheme") pursuant to the annual general meeting of the Company held on 31 August 2012, which is valid and effective for a term of ten years from the date of its adoption. Under the Scheme, the Directors may grant options to the eligible persons as defined in the Scheme, inter alia, any Directors, employees or business consultants of the Company and its subsidiaries, to subscribe for shares in the Company under the terms and conditions stipulated therein. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as at the adoption date which is 31 August 2012. No options have been granted under the Scheme since its adoption.

32. RESERVES

	Share premium HK$'000	Capital reserve on consolidation HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Investment revaluation reserve HK$'000	Property, plant and equipment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2017	1,689,634	97,703	457,792	37,993	119,714	–	(5,670)	1,555,556	3,952,722
Profit for the year	–	–	–	–	–	–	–	279,882	279,882
Net exchange differences	–	–	–	–	–	–	240,187	–	240,187
Share of exchange reserve of a joint venture	–	–	–	–	–	–	8,973	–	8,973
Realization of exchange reserves upon disposal of subsidiaries	–	–	–	–	–	–	(4,183)	–	(4,183)
Change in fair value of available-for-sale financial assets	–	–	–	–	(64,126)	–	–	–	(64,126)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	–	–	–	–	(100)	–	–	–	(100)
Fair value gain on transfer of property from property, plant and equipment and land use right to investment property, net of deferred tax *(note 15(c))*	–	–	–	–	–	11,876	–	–	11,876
2017 special dividend paid	–	–	–	–	–	–	–	(47,143)	(47,143)
2017 final dividend paid	–	–	–	–	–	–	–	(47,143)	(47,143)
2018 interim dividend paid	–	–	–	–	–	–	–	(35,233)	(35,233)
Repurchase of shares	(9,943)	–	–	–	–	–	–	–	(9,943)
Increase of interest in a subsidiary	–	–	–	–	–	–	–	(916)	(916)
At 31 March 2018	1,679,691	97,703	457,792	37,993	55,488	11,876	239,307	1,705,003	4,284,853
Profit for the year	–	–	–	–	–	–	–	167,842	167,842
Net exchange differences	–	–	–	–	–	–	(185,962)	–	(185,962)
Share of exchange reserve of a joint venture	–	–	–	–	–	–	(8,537)	–	(8,537)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	(40,244)	–	–	–	(40,244)
2018 final dividend paid	–	–	–	–	–	–	–	(46,977)	(46,977)
2019 interim dividend paid	–	–	–	–	–	–	–	(35,233)	(35,233)
Increase of interest in a subsidiary	–	–	–	–	–	–	–	(311)	(311)
At 31 March 2019	**1,679,691**	**97,703**	**457,792**	**37,993**	**15,244**	**11,876**	**44,808**	**1,790,324**	**4,135,431**

Statutory reserve represents enterprise expansion fund and general reserve fund set aside by subsidiaries in accordance with the relevant laws and regulations in the PRC.

33. Borrowings

	2019 HK$'000	2018 HK$'000
Unsecured bank borrowings		
Short-term bank borrowing	**200,000**	–
Long-term bank borrowings	**700,000**	188,000
	900,000	188,000
Secured bank borrowings		
Short-term bank borrowings	**16,955**	121,000
Long-term bank borrowings	**1,164,381**	1,323,458
	1,181,336	1,444,458
Total bank borrowings	**2,081,336**	1,632,458

The total bank borrowings are analyzed as follows:

	2019 HK$'000	2018 HK$'000
Short-term bank borrowings	**216,955**	121,000
Long-term bank borrowings	**1,864,381**	1,511,458
	2,081,336	1,632,458

The long-term bank borrowings are analyzed as follows:

	2019 HK$'000	2018 HK$'000
Long-term bank borrowings	**1,864,381**	1,511,458
Current portion included in current liabilities		
Portion due within one year	**(590,203)**	(226,176)
Portion due after one year which contains a repayment on demand clause	**(288,000)**	(119,000)
	(878,203)	(345,176)
	986,178	1,166,282

33. Borrowings (continued)

The bank borrowings of the Group are secured by certain assets including investment properties, properties for sale and financial assets at fair value through profit or loss, with an aggregate carrying value of HK$2,239,845,000 (2018: HK$2,734,224,000). Bank borrowings of HK$645,246,000 (2018: HK$807,633,000) are also secured by the assignment of rental income from the investment properties. As at 31 March 2019, bank borrowings of HK$1,181,336,000 (2018: HK$1,478,933,000) are guaranteed by the Company, HK$500,000,000 (2018: HK$153,525,000) are guaranteed by CCIL, and HK$400,000,000 (2018: Nil) are guaranteed by both the Company and CCIL.

The bank borrowings are repayable in the following periods based on the agreed scheduled repayment dates set out in the loan agreements:

	2019 **HK$'000**	2018 HK$'000
Within the first year	**807,158**	347,176
Within the second year	**129,029**	468,354
Within the third to fifth years	**1,145,149**	816,928
	2,081,336	1,632,458

The effective interest rates of the bank borrowings at the balance sheet date range from 2.15% to 5.10% (2018: 1.57% to 8.08%) per annum. The fair values of the bank borrowings, based on the cash flows discounted at the borrowing rates of 2.15% to 5.10% (2018: 1.57% to 8.08%) per annum, approximate their carrying values and are within level 2 of the fair value hierarchy. The exposure of the bank borrowings to interest rate changes and the contractual repricing dates are 6 months or less.

The bank borrowings are denominated in the following currencies:

	2019 **HK$'000**	2018 HK$'000
Hong Kong dollar	**1,436,090**	856,900
Renminbi	**–**	61,925
GBP	**505,362**	560,108
MYR	**139,884**	153,525
	2,081,336	1,632,458

34. Deferred taxation liabilities

The net movements of the deferred taxation liabilities of the Group are as follows:

	HK$'000
At 1 April 2017	302,647
Changes in exchange rates	27,893
Charged to the consolidated income statement *(note 12)*	63,750
Charged to property, plant and equipment revaluation reserve *(note 15(c))*	3,959
Acquisition of subsidiaries *(note 38(b)(ii))*	8,851
At 31 March 2018	407,100
Changes in exchange rates	(19,889)
Charged to the consolidated income statement *(note 12)*	80,970
At 31 March 2019	**468,181**

34. DEFERRED TAXATION LIABILITIES (continued)

The movements in deferred taxation assets and liabilities of the Group (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

	Deferred taxation liabilities						Deferred taxation assets
	Fair value gains	Revaluation of investment properties	Revaluation of financial assets at fair value through profit or loss	Accelerated tax depreciation	Dividend income withholding tax	Total	Tax losses
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2017	267,463	29,184	–	5,299	6,000	307,946	(5,299)
Changes in exchange rates	21,629	6,075	–	227	–	27,931	(38)
(Credited)/charged to the consolidated income statement	(1,219)	61,686	–	2,648	–	63,115	635
Charged to property, plant and equipment revaluation reserve	–	3,959	–	–	–	3,959	–
Acquisition of subsidiaries	–	8,851	–	–	–	8,851	–
At 31 March 2018	287,873	109,755	–	8,174	6,000	411,802	(4,702)
Changes in exchange rates	(13,363)	(6,257)	–	(325)	–	(19,945)	56
(Credited)/charged to the consolidated income statement	(1,102)	85,016	109	954	(6,000)	78,977	1,993
At 31 March 2019	**273,408**	**188,514**	**109**	**8,803**	**–**	**470,834**	**(2,653)**

Deferred taxation liabilities for the fair value gains represent the deferred taxation on the differences between the carrying values of the properties as included in the consolidated financial statements and the carrying values of these properties as included in the financial statements of the relevant subsidiaries. The values were based on the date of acquisition of those subsidiaries by the Group.

Deferred taxation liabilities have been provided in full on temporary differences under the liability method using the applicable tax rates prevailing in the countries in which the Group operates and are expected to be settled after more than twelve months from the balance sheet.

Deferred taxation assets of HK$200.9 million (2018: HK$182.3 million) arising from unused tax losses of HK$1,185.0 million (2018: HK$1,063.7 million) have not been recognized in the consolidated financial statements. These tax losses either have no expiry dates or will expire within five years for those from the PRC.

Deferred taxation liabilities of HK$6.4 million (2018: HK$1.1 million) arising from withholding tax on the unremitted earnings of certain PRC subsidiaries have not been recognized in the consolidated financial statements as these earnings are expected to be reinvested.

35. LOANS AND PAYABLES WITH NON-CONTROLLING INTERESTS

Loans and payables with non-controlling interests of the Group are unsecured, interest free and not repayable within the next twelve months from the balance sheet date. The balances are denominated in Hong Kong dollar (2018: Hong Kong dollar and Renminbi).

36. COMMITMENTS

(a) Capital commitments

	2019 **HK$'000**	2018 HK$'000
Contracted but not provided for in respect of property projects and properties	**480,019**	668,771

(b) Operating lease rental payable

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings is payable in the following periods:

	2019 **HK$'000**	2018 HK$'000
Within the first year	**4,003**	1,325
Within the second to fifth years	**457**	372
	4,460	1,697

On 7 May 2018, a wholly-owned subsidiary of the Company entered into a tenancy agreement with a wholly-owned subsidiary of CCIL for the lease of one basement floor at its investment property in Hong Kong for a term of two years from 7 May 2018 to 6 May 2020. The premises are used as a sales office and show flat of the property project of the Group. Details of the transaction were announced by the Company on 7 May 2018. Total rental, management fee and license fee for the year ended 31 March 2019 amounted to approximately HK$4,065,000 (2018: N/A).

36. Commitments (continued)

(c) Operating lease rental receivable

The future aggregate minimum lease rental income under non-cancellable operating leases in respect of properties is receivable in the following periods:

	2019 **HK$'000**	2018 HK$'000
Within the first year	**63,863**	65,836
Within the second to fifth years	**122,681**	118,587
After the fifth year	**115,629**	10,039
	302,173	194,462

The Group leases properties under various agreements which will be terminated between 2019 and 2034 (2018: 2018 and 2025).

37. Financial guarantees

	2019 **HK$'000**	2018 HK$'000
Guarantees for mortgage loans to purchasers of properties of the Group in the PRC *(note)*	**71,626**	315,827

Note: The financial guarantees provided by the Group represented the guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees will be terminated upon the earlier of (i) the issuance of the property ownership certificates which is generally available within six months to one year after the purchasers take possession of the relevant properties; or (ii) the satisfaction of mortgage loans by the purchasers of properties. Since the Group is able to retain the purchasers' deposits and sell the properties to recover any amounts paid by the Group to the banks, the estimated net amounts required to be settled by the Group and the fair value of the financial guarantees as calculated are not material and hence not recognized in the consolidated financial statements.

38. Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit to cash from/(used in) operations:

	2019 HK$'000	2018 HK$'000
Operating profit	**306,764**	389,637
Interest income from bank deposits	**(6,449)**	(8,939)
Dividend income from financial assets at fair value through other comprehensive income	**(4,924)**	–
Dividend income from available-for-sale financial assets	**–**	(5,058)
Gain on disposal of available-for-sale financial assets	**–**	(166)
Negative goodwill on acquisition of subsidiaries *(note 38(b)(ii))*	**–**	(3,875)
Gain on settlement of deferred consideration	**–**	(17,197)
Net gain on disposal of property, plant and equipment	**(3)**	–
Fair value gain on transfer of properties from properties for sale to investment properties	**(6,349)**	(232,664)
Change in fair value of investment properties	**(363,780)**	(170,830)
Reversal of provision for impairment of properties for sale	**(997)**	–
Reversal of provision for impairment of trade debtors	**(1,885)**	–
Amortization of land use rights	**59**	76
Depreciation	**15,509**	11,768
Operating loss before working capital changes	**(62,055)**	(37,248)
Increase in loans and receivables and other deposits	**(1,292)**	–
Increase in properties for/under development and properties for sale	**(181,164)**	(110,534)
(Increase)/decrease in cemetery assets	**(37,859)**	5,113
Increase in inventories	**–**	(1,109)
Increase in debtors and prepayments	**(9,860)**	(4,613)
Decrease/(increase) in financial assets at fair value through profit or loss	**69,337**	(81,949)
Increase in creditors and accruals	**31,089**	7,076
Increase in sales deposits received	**338,923**	1,299
Cash from/(used in) operations	**147,119**	(221,965)

38. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Acquisition and disposal of subsidiaries/businesses

(i) Settlement of deferred consideration/Changsha Disposal

	2018 HK$'000
Consideration:	
Deferred consideration of the Cemetery Acquisition recorded as "Amount due to a fellow subsidiary" as at 31 March 2017	112,880
Change in exchange rate	11,120
Settlement of deferred consideration	124,000
Details of net assets at the date of disposal:	
Properties for sale	33,030
Cash and bank balances	66,905
Creditors and accruals	(69)
Net assets disposed of	99,866
Realization of exchange reserve upon disposal	(4,183)
Exchange difference arising from the settlement of deferred consideration	11,120
Gain on settlement of deferred consideration *(note 7(b))*	17,197
	124,000
Analysis of net gain on settlement of deferred consideration:	
Gain on settlement of deferred consideration *(note 7(b))*	17,197
Less: PRC withholding corporate income tax *(note 12)*	(1,883)
Less: PRC tax indemnity *(note 12)*	(8,426)
Net gain on settlement of deferred consideration after taxation	6,888
Analysis of the net cash outflow in respect of settlement of deferred consideration:	
Cash and bank balances disposed of	(66,905)
Cash outflow from settlement of deferred consideration	(66,905)

38. Notes to the consolidated cash flow statement (continued)

(b) Acquisition and disposal of subsidiaries/businesses (continued)

(ii) Malaysia Acquisition

	2018
	HK$'000
Purchase consideration	
Cash paid	184,669
The recognized amounts of identifiable assets acquired and liabilities assumed at the date of acquisition:	
Property, plant and equipment	290
Investment property	350,840
Debtors and prepayments	901
Bank deposits maturing more than three months from date of placement	3,015
Cash and cash equivalents	2,163
Creditors and accruals	(7,365)
Bank borrowings	(151,964)
Taxation payable	(485)
Deferred taxation liabilities	(8,851)
	188,544
Negative goodwill on acquisition	(3,875)
	184,669
Analysis of net gain on the Malaysia Acquisition:	
Negative goodwill on acquisition	3,875
Less: Transaction costs	(3,000)
Negative goodwill on acquisition, net of transaction costs	875
Analysis of the net cash outflow in respect of the Malaysia Acquisition:	
Cash consideration paid	(184,669)
Cash and cash equivalents acquired	2,163
Net cash outflow from the Malaysia Acquisition	(182,506)

38. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Acquisition and disposal of subsidiaries/businesses (continued)

(ii) Malaysia Acquisition (continued)

A negative goodwill of HK$3.9 million (before netting of transaction costs) was recorded in "Other income and net gain" for the year ended 31 March 2018, which mainly arose from the difference between the fair value of the consideration paid, and the fair value of the net assets acquired, which were the fair value of identifiable assets acquired and liabilities assumed with reference to the valuation based on asset approach carried out by Colliers as at the acquisition date and the current use equated to the highest and best use. For the valuation based on asset approach, the value of all types of assets and liabilities acquired would be restated from their book values to the appropriate standards of value in order to obtain the fair value of the net asset value acquired and judgment was required to determine the fair value. None of the negative goodwill recognized was expected to be taxable for income tax purpose.

No contingent consideration arrangements or contingent liabilities were identified at acquisition.

The Malaysia Acquisition contributed revenues and profit attributable to the equity holders of the Company of HK$2,932,000 and HK$80,000 respectively to the Group for the period from the acquisition date to 31 March 2018. Had the acquisition of the subsidiaries occurred on 1 April 2017, the consolidated revenues and the profit attributable to the equity holders of the Company for the year ended 31 March 2018 would have been approximately HK$190,661,000 and HK$286,273,000 respectively.

38. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Reconciliation of liabilities arising from financing activities

	Bank borrowings		Loans and payables with non-controlling interests		
	Non-current HK$'000	Current HK$'000	Non-current HK$'000	Current HK$'000	Total HK$'000
At 1 April 2017	987,736	418,500	25,662	1,807	1,433,705
Cash inflows	49,100	–	4,670	–	53,770
Cash outflows	–	(52,279)	–	–	(52,279)
Non-cash changes:					
Exchange difference	76,059	1,378	37	16	77,490
Acquisition of subsidiaries	151,563	401	–	–	151,964
Increase of interest in a subsidiary	–	–	(464)	–	(464)
Reclassification	(98,176)	98,176	–	–	–
At 31 March 2018	1,166,282	466,176	29,905	1,823	1,664,186
Cash inflows	799,236	462,955	5,145	–	1,267,336
Cash outflows	(172,000)	(588,105)	–	(1,366)	(761,471)
Non-cash changes:					
Exchange difference	(48,233)	(4,975)	(24)	(10)	(53,242)
Reclassification	(759,107)	759,107	(10,147)	10,147	–
At 31 March 2019	**986,178**	**1,095,158**	**24,879**	**10,594**	**2,116,809**

(d) Analysis of cash and cash equivalents

	2019 HK$'000	2018 HK$'000
Cash and bank balances	**919,502**	523,248
Bank deposits maturing more than three months from date of placement	**(502)**	(2,445)
Cash and cash equivalents	**919,000**	520,803

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board on 25 June 2019.

40. BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY

Balance sheet of the Company

As at 31 March 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Non-current assets			
Subsidiaries		**65,036**	65,036
Loan receivable from a subsidiary		**243,726**	234,135
		308,762	299,171
Current assets			
Debtors and prepayments		**1,219**	345
Amounts due from subsidiaries		**3,640,905**	3,160,907
Cash and bank balances		**435,288**	332,406
		4,077,412	3,493,658
Current liabilities			
Creditors and accruals		**1,513**	1,008
Short-term bank borrowing		**200,000**	–
Current portion of long-term bank borrowing		**300,000**	–
		501,513	1,008
Net current assets		**3,575,899**	3,492,650
Net assets		**3,884,661**	3,791,821
Equity			
Share capital	31	**117,442**	117,442
Reserves	a	**3,767,219**	3,674,379
Total equity		**3,884,661**	3,791,821

The balance sheet of the Company was approved by the Board on 25 June 2019 and was signed on its behalf by:

Albert Chuang Ka Pun
Director

Ann Li Mee Sum
Director

40. BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY (continued)

(a) Reserves movement of the Company

	Share premium HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2017	1,689,634	457,792	1,659,756	3,807,182
Profit for the year	–	–	6,659	6,659
2017 special dividend paid	–	–	(47,143)	(47,143)
2017 final dividend paid	–	–	(47,143)	(47,143)
2018 interim dividend paid	–	–	(35,233)	(35,233)
Repurchase of shares	(9,943)	–	–	(9,943)
At 31 March 2018	1,679,691	457,792	1,536,896	3,674,379
Profit for the year	–	–	175,050	175,050
2018 final dividend paid	–	–	(46,977)	(46,977)
2019 interim dividend paid	–	–	(35,233)	(35,233)
At 31 March 2019	**1,679,691**	**457,792**	**1,629,736**	**3,767,219**

Total distributable reserves of the Company amounted to HK$1,629,736,000 (2018: HK$1,536,896,000) as at 31 March 2019.

41. Principal subsidiaries

	Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group 2019	2018	Principal activities
	Anshan Chuang's Property Development Company Limited	PRC	RMB370,000,000	**100.0%**	100.0%	Property development and investment
	Anshan Chuang's Real Estate Development Company Limited	PRC	RMB210,000,000	**100.0%**	100.0%	Property development and investment
	Chengdu Chuang's Investment Services Limited	PRC	HK$80,000,000	**100.0%**	100.0%	Property development and investment
	China Art Exchange Limited	Hong Kong	HK$1,000,000 with 10,000,000 shares	**100.0%**	100.0%	Trading of merchandises
@	China Cyberworld Limited	Hong Kong	HK$2 with 2 shares	**100.0%**	100.0%	Property development and investment
@	Chinaculture.com Limited	British Virgin Islands/ Hong Kong	US$1 with 1 share	**100.0%**	100.0%	Investment holding
	Chuang's China Capital Limited	Hong Kong	HK$1 with 1 share	**100.0%**	100.0%	Investment holding, securities investment and trading
	Chuang's China Italia Plaza Limited	Hong Kong	HK$2 with 2 shares	**100.0%**	100.0%	Investment holding and money lending
@	Chuang's China Realty Limited	Bermuda/ Hong Kong	HK$100,000 with 2,000,000 shares	**100.0%**	100.0%	Investment holding
@	Chuang's China Technology Limited	Hong Kong	HK$117,622,779 with 458,310,965 shares	**100.0%**	100.0%	Investment holding, securities investment and trading

41. Principal subsidiaries (continued)

	Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group 2019	2018	Principal activities
@	Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	US$1 with 1 share	**100.0%**	100.0%	Investment holding
	Chuang's Properties (Central Plaza) Sdn. Bhd. *(note 38(b)(ii))*	Malaysia	MYR 5,000,000 with 5,000,000 shares	**100.0%**	100.0%	Property investment
	Dongguan Midas Printing Company Limited	PRC	RMB126,734,400	**100.0%**	100.0%	Property investment
	Double Wealthy Company Limited	Hong Kong	HK$160 with 160 shares	**100.0%**	100.0%	Investment holding
	Dragon Rich Investments Limited	Hong Kong	HK$100 with 100 shares	**85.0%**	85.0%	Investment holding
	Fortune Wealth Memorial Park (Si Hui) Limited	PRC	HK$183,760,000 (2018: HK$126,560,000)	**86.0%**	85.5%	Development and construction of cemetery and provision of related management services in the PRC
	Gold Capital Profits Limited	British Virgin Islands/ Hong Kong	US$171 with 171 shares	**85.4%**	85.4%	Investment holding
	Guangzhou Heng Yang Investment Services Limited	PRC	RMB1,000,000	**100.0%**	100.0%	Investment holding
	Guangzhou Panyu Chuang's Real Estate Development Company Limited	PRC	RMB300,000,000	**100.0%**	100.0%	Property development and investment
	Hunan Han Ye Real Estate Development Company Limited	PRC	RMB25,000,000	**69.2%**	69.2%	Property development and investment

41. PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group 2019	2018	Principal activities
MD Limited	Hong Kong	HK$1,000,000 with 1,000,000 shares	**100.0%**	100.0%	Securities investment and trading
Noble Century Investment Limited	Hong Kong	HK$6,750,000 with 2,000,000 shares	**76.9%**	76.9%	Investment holding
Noble Title Limited	British Virgin Islands/United Kingdom	US$1 with 1 share	**100.0%**	100.0%	Property investment
Rich Joint Limited	Hong Kong	HK$1 with 1 share	**100.0%**	100.0%	Securities investment and trading

@ *Directly held by the Company*

Particulars of Principal Properties

The following list contains only properties held by the Group as at 31 March 2019 which are material to the Group as the Directors are of the opinion that a complete list will be of excessive length.

1. Investment properties

Location	Term	Usage	Group's interest
The People's Republic of China (the "PRC")			
Chuang's Mid-town, Anshan, Liaoning			
– Commercial podium	Medium lease	Commercial, works in progress	100.0%
– Twin tower (Block AB and C)	Medium lease	Residential/Serviced apartments/Offices, works in progress	100.0%
Hotel and resort villas, Xiamen, Fujian	Medium lease	Resort and villa	59.5%
Chuang's Le Papillon, Guangzhou, Guangdong			
– Block P (22 villas)	Medium lease	Residential	100.0%
– Commercial properties	Medium lease	Commercial	100.0%
Industrial property, Xiaobian Village, No. 64 Dezheng Middle Road, Changan, Dongguan, Guangdong	Medium lease	Industrial	100.0%
Commercial property, Shatian, Dongguan, Guangdong	Medium lease	Commercial	100.0%
United Kingdom			
Office property, 10 Fenchurch Street and 1 Philpot Lane, London, United Kingdom	Freehold	Commercial/Offices	100.0%
Malaysia			
Wisma Chuang, No. 34 Jalan Sultan Ismail, 50250 Kuala Lumpur, Lot No. 1262, Section 57, Kuala Lumpur, Federal Territory	Freehold	Commercial/Offices/ Carparking spaces	100.0%

2. PROPERTY PROJECTS

Location	Stage of completion	Expected completion date	Usage	Site area	Gross floor area	Group's interest
The PRC				*(sq. m.)*		
Chuang's Le Papillon, Guangzhou, Guangdong						
– Phase I and II: Block A to N	Completed	Completed	Residential/ Commercial	119,721	856 (and 572 carparking spaces)	100.0%
– Phase III	Preparatory works	N/A	Comprehensive development area	62,938	119,648	100.0%
– Remaining	Strategic planning stage	N/A	Comprehensive development area (subject to approvals)	32,833	55,363	100.0%
Chuang's Plaza, Anshan, Liaoning	Master planning in progress	N/A	Comprehensive development area	39,500	390,000	100.0%
Beverly Hills (also known as Ju Hao Shan Zhuang), Changsha, Hunan	Completed	Completed	Residential	95,948	5,942	69.2%
	Superstructure works completed	N/A	Commercial/Hotel		11,600	69.2%
Hong Kong				*(sq. ft.)*		
The Esplanade, Yip Wong Road, Tuen Mun Town Lot No. 514, Tuen Mun, New Territories	External works and interior works in progress	2020	Residential	26,135	117,089	100.0%
			Commercial		25,813 (and 47 carparking spaces)	

Summary of Financial Information

Results

	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Revenues *(note)*	1,008,613	470,108	491,338	174,284	**199,816**
Profit attributable to equity holders	94,491	85,006	1,451,977	279,882	**167,842**
Earnings per share (HK cents)	5.50#	4.91	61.57	11.89	**7.15**
Dividend per share (HK cents)					
Interim	1.00	1.00	1.50	1.50	**1.50**
Final	3.00	2.00	2.00	2.00	**2.00**
Special	–	–	2.00	–	**–**
Total	4.00	3.00	5.50	3.50	**3.50**

Assets and Liabilities

	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Non-current assets	976,958	1,240,665	2,449,630	3,862,723	**3,947,485**
Current assets	3,149,309	2,935,382	4,011,090	3,239,411	**3,804,034**
Total assets	4,126,267	4,176,047	6,460,720	7,102,134	**7,751,519**
Total liabilities	(1,466,325)	(1,667,179)	(2,284,531)	(2,578,712)	**(3,384,556)**
Non-controlling interests	(55,242)	614	(105,110)	(121,127)	**(114,090)**
Shareholders' funds	2,604,700	2,509,482	4,071,079	4,402,295	**4,252,873**

Net Debt to Equity Ratio

	2015 HK$'M	2016 HK$'M	2017 HK$'M	2018 HK$'M	**2019** **HK$'M**
Cash and bank balances and investments held for trading	935.2^	831.9^	1,849.8	1,210.1	**1,599.2**
Bank borrowings	623.0	708.7	1,406.2	1,632.5	**2,081.3**
Net debt to equity ratio (%)	N/A	N/A	N/A	9.6	**11.3**

\# *Restated*

^ *Included pledged bank balances*

Note: The 2018 revenues have been reclassified to conform with the 2019's presentation and the figures prior to 2018 have not been reclassified to conform with the 2019's presentation.

NOTICE IS HEREBY GIVEN that the annual general meeting of Chuang's China Investments Limited (the "Company") will be held at Chater Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Friday, 27 September 2019 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the Directors and the auditor for the year ended 31 March 2019.

2. To declare a final dividend.

3. (a) To re-elect Mr. Chong Ka Fung as an executive Director.

   (b) To re-elect Mr. Neville Charles Kotewall as an executive Director.

   (c) To re-elect Mr. David Chu Yu Lin as an independent non-executive Director.

   (d) To re-elect Mr. Andrew Fan Chun Wah as an independent non-executive Director.

   (e) To re-elect Dr. Ng Kit Chong as an independent non-executive Director.

   (f) To authorize the board of Directors to fix the remuneration of the Directors.

4. To re-appoint PricewaterhouseCoopers as the auditor and to authorize the board of Directors to fix its remuneration.

5. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

Ordinary Resolutions

(A) "**THAT**:

(a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK$0.05 each (the "Shares") in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate number of Shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the number of issued Shares of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution, "**Relevant Period**" means the period from the date of the passing of this Resolution until whichever is the earliest of:

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

(ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or

(iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this Resolution."

(B) "**THAT**:

(a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued Shares in the capital of the Company and to make or grant offers, agreements, options and other rights, or issue warrants and other securities, which might require the exercise of such powers be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorize the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and other rights, and issue warrants and other securities, which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate number of Shares allotted or to be allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to or in consequence of:

(i) a Rights Issue (as defined below); or

(ii) the exercise of any option under any option scheme of the Company; or

(iii) an issue of Shares upon exercise of the subscription or conversion rights attaching to or under the terms of any warrants of the Company; or

(iv) any scrip dividend or similar arrangement in accordance with the Bye-laws of the Company; or

(v) a specific authority granted by the shareholders of the Company in general meeting,

shall not in aggregate exceed 20 per cent. of the number of issued Shares of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:

"**Relevant Period**" means the period from the date of the passing of this Resolution until whichever is the earliest of:

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

(ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or

(iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this Resolution; and

"**Rights Issue**" means an offer of Shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the Directors of the Company, to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to be offered to them) on a fixed record date in proportion to their then holdings of Shares (or, where appropriate, such other securities), subject in all cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong."

(C) "**THAT** subject to the passing of Resolutions numbered 5(A) and 5(B), the general mandate granted to the Directors of the Company to allot, issue and deal with unissued Shares in the capital of the Company pursuant to Resolution numbered 5(B) be and is hereby extended by the addition thereto of the number of Shares of the Company repurchased by the Company under the authority granted pursuant to the general mandate to repurchase Shares (as referred to in Resolution numbered 5(A) set out in the notice convening this meeting), provided that such amount of securities so repurchased shall not exceed 10 per cent. of the number of the issued Shares of the Company at the date of the ordinary resolution approving the said general mandate to repurchase Shares."

6. To transact any other business.

By order of the Board of
Chuang's China Investments Limited
Lee Wai Ching
Company Secretary

Hong Kong, 26 July 2019

Notes:

1. Any member entitled to attend and vote at the annual general meeting of the Company (the "AGM") is entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.

2. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's share registrar in Hong Kong, Tricor Progressive 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 AGM or any adjournment thereof.

3. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 24 September 2019 to Friday, 27 September 2019, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 23 September 2019.

4. The board of Directors has recommended a final dividend of 2.0 HK cents per share.

5. The proposed final dividend is subject to the approval of the shareholders at the AGM. The record date for entitlement to the proposed final dividend is Friday, 11 October 2019. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 8 October 2019 to Friday, 11 October 2019, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 4 October 2019.

6. Concerning Resolutions numbered 3 and 5 above, the information necessary to enable the shareholders to make decisions on whether to vote for or against the Resolutions, as required by the Listing Rules, will be set out in a separate document from the Company to be enclosed with the 2019 Annual Report.

CHUANG'S CHINA
INVESTMENTS LIMITED
(Incorporated in Bermuda with limited liability)
Stock Code: 298

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