CHUANG'S CONSORTIUM INTERNATIONAL LIMITED

ANNUAL REPORT

2019

CONTENTS

CHAIRMAN'S
STATEMENT

Highlights Of The Year

Business

- ***Disposal of the investment property at No. 15 Gough Hill Road, The Peak and satisfactory pre-sale results of The Esplanade in Tuen Mun, Hong Kong***

  - The Group has successfully completed the disposal of No. 15 Gough Hill Road, The Peak, Hong Kong and received the remaining sale proceeds of about HK$980 million in cash before the financial year ended 31 March 2019, and a further net gain of about HK$461.2 million is recorded by the Group in the current financial year.

  - Pre-sale of The Esplanade in Tuen Mun, Hong Kong has commenced in October 2018 with satisfactory results. Up to the date of this report, out of the total 371 residential units, 352 residential units have been pre-sold with the aggregate sales value of about HK$1,571.1 million, and approximately HK$461.4 million sales deposits have been received. Further deposits of about HK$990.8 million are expected to be received before the end of September 2019, whereas the remaining balance of about HK$118.9 million will be received between October 2019 and completion of sales in July 2020. The construction of The Esplanade has been progressing satisfactorily. Exterior works and interior works are in progress, and is expected to handover to end-buyers in or before July 2020.

- ***Acquisitions of properties and property development site to accelerate redevelopment and strengthen our land bank***

  - The Group has submitted the application for the compulsory acquisition of No. 16 and No. 18 Gage Street in March 2019. In parallel, the Group has successfully acquired some more units by private treaty after such application, making the current ownership to be 88.9% and 87.5% for No. 16 and No. 18 Gage Street respectively up to the date of this report. In order to speed up the whole site acquisition, the Group will continue to take steps to acquire the remaining units by private treaty while the compulsory acquisition is in progress. Together with No. 20 Gage Street, this project has a total site area of about 3,600 *sq. ft.* and it is currently planned that a commercial/residential building with GFA of about 36,000 *sq. ft.* will be developed.

  - Subsequent to the year-end date, the Group has replenished its land bank in Hong Kong by acquiring 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.

Oversea projects' update

The construction of the two projects in Ulaanbaatar, Mongolia is proceeding with satisfactory progress:

- For sáv Plaza, superstructure works have been topped off and internal and external finishing works are nearly completed. Application for the issuance of the occupation permit of the project has recently been made to the relevant authorities. Marketing works for leasing have been commenced.

- For International Finance Centre, superstructure works have been topped off and the Group will monitor the progress of the internal and external finishing works. The property will become the highest office building in Mongolia upon completion. Marketing works for leasing have been commenced.

In view of the good performance of the Philippines resort, the Group is actively identifying opportunities to increase investments in these regions:

- The Group has acquired a property interests at the southeast side of Ulugan Bay, Puerto Princesa City in Palawan, and it is close to the Puerto Princesa Subterranean River National Park. The freehold land has a site area of about 71,464 *sq. m.* and enjoys a sea frontage. The Group intends to develop a sustainable resort complex with hotels and villas, together with its own private beach, swimming pool and abundant diving facilities.

- The Group entered into a memorandum of understanding with an independent third party for the formation of a joint venture of another Palawan project with an initial investment commitment of about US$7.7 million. The project is located along the shoreline of Maricaban within the Coron Province of Palawan. It is a freehold land with a site area of about 95,775 *sq. m.*, together with an adjacent site of about 42,900 *sq. m.* which has been reserved, making up a total of about 138,675 *sq. m.*. It is currently planned as a resort complex, comprising hotels, bungalows, water villas and a marina club. The resort complex will be developed in five phases.

Financial

- Profit attributable to equity holders of the Company amounted to HK$1,226.6 million (2018: HK$1,297.1 million)
- Earnings per share was 73.34 HK cents (2018: 77.39 HK cents)
- Total assets of the Group increased by 9% to HK$22.6 billion (2018: HK$20.7 billion)
- Net assets attributable to equity holders of the Company increased by 8% to HK$12.1 billion (2018: HK$11.2 billion)
- Net asset value per share increased by 8% to HK$7.24 (2018: HK$6.67)
- Total cash resources of the Group (including investments held for trading) increased by 44% to HK$5.6 billion (2018: HK$3.9 billion)
- Net debt to equity ratio of the Group improved from 22.3% to 13.8%
- Final dividend per share for the year will amount to 6.5 HK cents (2018: 5.0 HK cents) per share, making total dividend for the year to be 10.0 HK cents (2018: 8.0 HK cents) per share, representing an increase of 25% over that of the last year

Going Forward

Going forward, we will speed up to acquire the remaining units of Gage Street as well as the completion of the acquisitions of the property interests in Hong Kong and Philippines in order to kick off their redevelopment. Renovation and upgrading works are being carried out at Chuang's Tower, Posco Building and other investment properties in order to keep on improving rental yield and return and thus their capital values. We will accelerate the respective construction progress of The Esplanade in Hong Kong, Chuang's Mid-town in Anshan, the People's Republic of China and sáv Plaza in Mongolia so that we can obtain the occupation permits in coming months and handover the properties to end-buyers and tenants respectively to generate income.

In parallel, we will closely monitor the development of our projects located at Po Shan Road and Mongkok in Hong Kong, and International Finance Centre in Mongolia in order to unlock their stored value in coming years. Furthermore, we will continue to identify new business opportunities including land acquisitions and property investments in order to replenish our land bank. We are confident that, with the implementation of the above strategies, further value can be created for our shareholders.

Financial Review

Profit attributable to equity holders of the Company for the year ended 31 March 2019 amounted to HK$1,226.6 million (2018: HK$1,297.1 million). Earnings per share was 73.34 HK cents (2018: 77.39 HK cents).

Up to the date hereof, the Group achieved contracted sales of property development in Tuen Mun, Hong Kong not yet recognized as revenues amounted to about HK$1,571.1 million. Additionally, for the year ended 31 March 2019, revenues and net gain of the Group amounted to HK$619.2 million (2018: HK$755.2 million), representing a decrease of 18.0% compared to that of the last corresponding year. This was mainly due to the absence of the revenues consolidated from Midas International Holdings Limited (now changed its name to Magnus Concordia Group Limited) ("Midas") after the completion of its disposal in December 2017. Revenues and net gain of the Group comprised revenues from sales of properties of HK$71.5 million (2018: HK$78.2 million), revenues from rental and other income of investment properties of HK$230.1 million (2018: HK$211.5 million), revenues from hotel operation of HK$99.2 million (2018: HK$87.3 million), revenues from cemetery business of HK$14.4 million (2018: HK$16.0 million), revenues from sales of goods and merchandises of HK$59.8 million (2018: HK$217.1 million), revenues from money lending business of HK$7.8 million (2018: HK$7.8 million), and revenues from securities investment and trading business of HK$136.4 million (2018: HK$137.3 million).

Although there was a decrease in revenues and net gain, gross profit during the year just slightly decreased by 2.7% to HK$442.9 million (2018: HK$455.2 million). Gross profit margin improved to 71.5% (2018: 60.3%), which was mainly due to the increase in proportion of revenues and net gain generated from securities investment and trading business which had a higher profit margin.

Other income and net gain slightly increased to HK$44.4 million (2018: HK$41.4 million) and a breakdown 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$481.8 million) which represented the fair value gain on transfer of properties in the People's Republic of China (the "PRC") (2018: properties in Hong Kong, the PRC and Taiwan).

Gain on disposal of subsidiaries for the current financial year was HK$461.2 million which was related to the disposal of the subsidiaries that held a property located at No. 15 Gough Hill Road, The Peak, Hong Kong as announced by the Company on 28 February 2019, whereas the amount for the last financial year was HK$363.2 million which was related to the disposal of Midas.

Gain from change in fair value of investment properties of the Group amounted to HK$1,108.2 million (2018: HK$822.9 million), mainly reflecting the continued improvement in property prices of our investment properties during the year, of which HK$140.5 million was related to No. 15 Gough Hill Road, The Peak which was disposed of by the Group during the year.

On the costs side, selling and marketing expenses increased to HK$56.8 million (2018: HK$44.4 million) which was mainly due to the marketing of the pre-sale of The Esplanade in Tuen Mun, Hong Kong by Chuang's China Investments Limited ("Chuang's China"). Administrative and other operating expenses slightly increased to HK$476.1 million (2018: HK$473.7 million) mainly due to the general increase in overheads and business activities of the Group. Finance costs increased to HK$184.8 million (2018: HK$124.9 million) due to the increased level of bank borrowings of the Group and the increase in interest rates. Share of results of associated companies and joint ventures amounted to HK$26.5 million (2018: HK$11.6 million) mainly due to the increase of operating profit of a joint venture and revaluation gain arising on its investment properties. Taxation amounted to HK$79.2 million (2018: HK$124.0 million) and was mainly related to the sales of properties recognized by the Group during the year and the deferred taxation which mainly about the change in fair value of investment properties.

Dividends

As regards payment of dividend, it is the policy of the Group to pay a recurrent and stable dividend to its shareholders. After taking into account the need to maintain sufficient financial resources for the working capital of the Group's projects and businesses, the board of Directors (the "Board") has resolved to recommend for the shareholders' approval at the forthcoming annual general meeting of the Company the payment of a final dividend of 6.5 HK cents (2018: 5.0 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 3.5 HK cents (2018: 3.0 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, will amount to 10.0 HK cents (2018: 8.0 HK cents) per share, representing an increase of 25% over that of the last year. Total dividends paid and to be paid in respect of the current financial year will amount to HK$167.3 million (2018: HK$133.9 million).

(A) Investment Properties

CHUANG'S TOWER

Nos. 30–32 Connaught Road Central, Hong Kong

(100% owned)

The property is a commercial/office building and is strategically located at the heart of the Central District and close to the exits of both the Central Station of the Mass Transit Railway and the Hong Kong Station of the Airport Express Line. The property has a site area of about 3,692 *sq. ft.* and a total gross floor area ("GFA") of about 55,367 *sq. ft.*. During the year, rental and other income from this property amounted to about HK$49.6 million. After upgrading the entire lift system with the installation of new lifts during the year, further renovation works on the main lobby have been commenced in May 2019 which will be completed within a few months. In parallel, the Group is exploring plans to have further renovation works on other parts of the property in order to improve its esthetics.

CHUANG'S LONDON PLAZA

No. 219 Nathan Road, Tsim Sha Tsui, Kowloon

(100% owned)

Strategically located at the heart of shopping centres in Tsim Sha Tsui, Kowloon, and near the exits of the Mass Transit Railway and the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section, the property is a shopping and entertainment complex. The property has a site area of about 9,145 *sq. ft.* and a total GFA of about 103,070 *sq. ft.*. During the year, rental and other income from this property amounted to about HK$56.1 million. With the opening of the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section, the Group will continue to review and reshuffle the tenant mix of the property in order to capture this market opportunity. Further renovation and upgrading works would be carried out when necessary.

(A) Investment Properties

POSCO BUILDING

No. 165 Un Chau Street, Sham Shui Po, Kowloon

(100% owned)

The property is a commercial/industrial building located in between the Cheung Sha Wan (approximately 0.4 kilometre) and the Sham Shui Po (approximately 0.5 kilometre) Mass Transit Railway Stations, enjoying the convenience of good transportation network. The property has a site area of about 3,920 *sq. ft.* and a total GFA of about 47,258 *sq. ft.*. During the year, rental and other income from this property amounted to about HK$7.5 million. Currently, the property is for commercial (G/F to 3/F and 12/F) and industrial (4/F to 11/F) use. Building plans to redevelop the property into a commercial/residential property with a total GFA of about 35,280 *sq. ft.* have been approved by the Buildings Department. After taking into account the existing tenancy status and the prevailing market conditions, the Group will evaluate the best timing to carry out such redevelopment (if any). Meanwhile, the Group is exploring plans to upgrade the entrance and main lobby of the property in order to improve its esthetics for higher rental yield.

HOUSE A*

No. 37 Island Road, Deep Water Bay, Hong Kong

(100% owned)

Located at Deep Water Bay, a prestigious residential area, the property enjoys a glamourous sea-view. During the year, rental and other income from this property amounted to about HK$10 million. Currently, internal decoration works are in progress in order to further upgrade the property.

* *Residential property for lease*

1st to 3rd Floors of PENG BUILDING

Luohu District, Shenzhen, the PRC

(100% owned)

This property is located next to an exit of Honghu Station of Line 7, Shenzhen Metro, and it is for commercial use with a total gross area of about 5,318 *sq. m.*. Currently, the property is subject to a rental guarantee from the vendor of the property for 36 months starting from November 2018 at HK$1.8 million per month, and the Group has already received from the vendor about HK$7.9 million up to the year end date. Meanwhile, the Group is also exploring other options (including disposal) in order to realize the potential value of this investment.

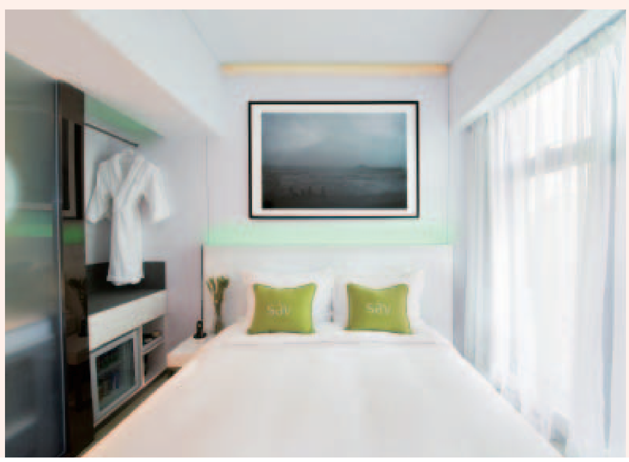
(B) Hotels and Serviced Apartments

HOTEL sáv

No. 83 Wuhu Street, Hunghom, Kowloon
(100% owned)

Hotel sáv is located at the heart of Hunghom and in between the Ho Man Tin (approximately 0.4 kilometre) and the Whampoa (approximately 0.3 kilometre) Mass Transit Railway Stations. It comprises 388 rooms together with shopping units and restaurants at the ground floor and the first floor. Total revenues from the hotel during the year amounted to about HK$109.2 million (2018: HK$90.5 million, excluding food and beverage income), which comprised room revenues of HK$98.9 million (2018: HK$83.7 million) and rental income from the shopping units and restaurants of HK$10.3 million (2018: HK$6.8 million).

During the year under review, the Group has continued with its operation strategy to put more effort in marketing to its higher margin customer segments in order to raise the room rates of the hotel and strengthen the hotel brand. As a result, the average room rate of the hotel during the year improved by about 5% from that of the last corresponding year to about HK$800, while the average occupancy rate increased by 6% to about 86% in the current year. The hotel operation (excluding the rental income) achieved a better result with an earning before interest, tax, depreciation and amortization amounted to about HK$39.9 million for this year (2018: HK$31.6 million), representing an increase of about 26% comparing to that of the last corresponding year. In view of the emerging trade-war negative impacts and the uncertain economic environment, the Group would place more focus on deploying various cost reduction measures while maintaining efficiency and service standard so as to preserve its competitiveness.



(B) Hotels and Serviced Apartments

PACIFIC CEBU RESORT

Cebu, Philippines
(40% owned)

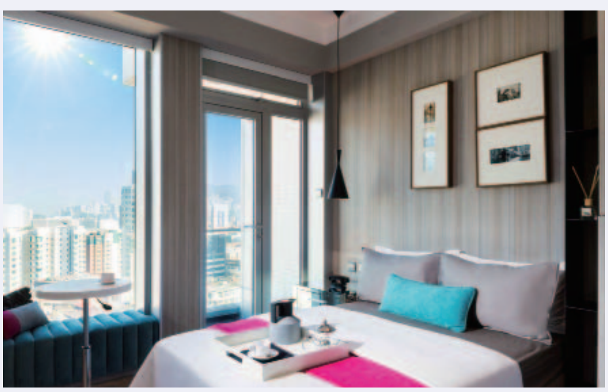
Pacific Cebu Resort, which is 40% owned by the Group, is a resort established in 1992 with 134 rooms (comprising 114 hotel rooms and 20 villas) and abundant diving facilities. It is located at Lapu-Lapu City, Mactan Island in Cebu of Philippines occupying a site area of about 64,987 *sq. m.*.

During the year under review, with the completion of the renovation works to upgrade the hotel rooms, the villas and the facilities, together with the opening of a new restaurant and a new swimming pool, the average room rate of the hotel improved by about 4% to about PHP3,280, whereas the average occupancy rate increased by 6% to about 80% in the current year. Total revenues from the resort during the year amounted to about HK$35.3 million (2018: HK$30.9 million), which comprised room revenues of HK$23.2 million (2018: HK$21.3 million), and food and beverage income of HK$12.1 million (2018: HK$9.6 million). Profit of the resort for the year amounted to about HK$11.2 million (2018: HK$8.6 million), and the Group's share of 40% was about HK$4.5 million (2018: HK$3.4 million) which was improved by about 32% from that of the last corresponding year. Since the new airport has opened recently with more international flights to Cebu, and the third bridge from Mandaue City to Mactan Island will be completed in the coming years, the Group has intention to add more rooms in the resort to reach a total 200 rooms.

PARKES RESIDENCE*

No. 101 Parkes Street, Kowloon, Hong Kong
(100% owned)

The property is close to the Jordan Station of the Mass Transit Railway and had been developed by the Group into a 25-storey commercial/residential building comprising 114 fully furnished studio units with clubhouse facilities and shopping units at the podium levels (G/F to 2/F). The Group still owns 18 residential units of this property operating as serviced apartments. Rental income from the serviced apartments during the year amounted to approximately HK$3.8 million. The Group believes that the rental yield and capital value of these serviced apartments will be further enhanced with the opening of the Guangzhou-Shenzhen-Hong Kong Express Rail Link Hong Kong Section.



* *Residential property for lease*

(B) Hotels and Serviced Apartments

sáv RESIDENCE

Xinyi District,
Taipei City, Taiwan
(100% owned)

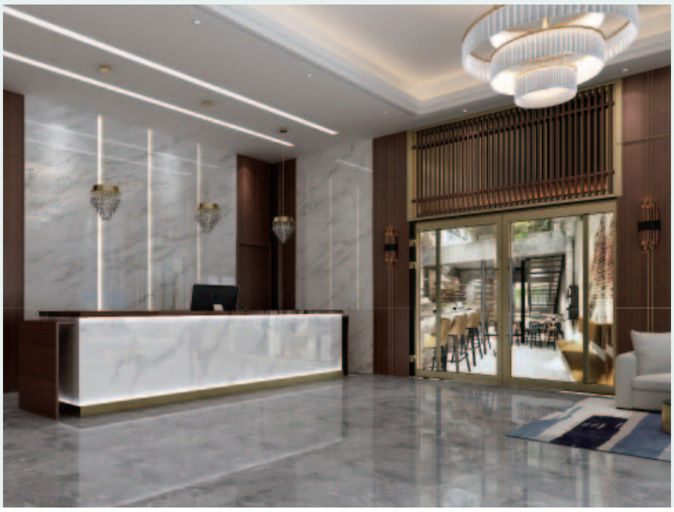
In Taiwan, the Group owns sáv Residence which is located nearby the city centre of Taipei City. The property is a residential complex developed by the Group and comprises a fully furnished villa and 6 serviced apartments (of which 2 are duplex) with a total GFA of about 20,600 *sq. ft.*. During the year, most of the serviced apartments had been leased out and the marketing work for leasing the villa is in progress. Rental income from the serviced apartments during the year amounted to approximately HK$1.6 million.

(B) Hotels and Serviced Apartments

sáv PLAZA

(previously known as sáv Residence)

Sukhbaatar District, Ulaanbaatar, Mongolia
(100% owned)



The project is located in the city centre within the embassy district and has a site area of about 3,600 *sq. m.*. It is planned that a 19-storey serviced apartment comprising 142 units with clubhouse facilities and retails at ground floor with a total GFA of about 19,000 *sq. m.*, and 47 carparking spaces will be developed. Superstructure works have been topped off and internal and external finishing works are nearly completed. Application for the issuance of occupation permit of the project has recently been made to the relevant authorities. Marketing works for leasing have been commenced.

(B) Hotels and Serviced Apartments

BARANGAY BUENAVISTA

Ulugan Bay, Puerto Princesa City, Palawan, Philippines

The Group has acquired a property interests at the southeast side of Ulugan Bay, Puerto Princesa City in Palawan during the year, and it is close to the Puerto Princesa Subterranean River National Park which is one of the "New 7 Wonders of Nature". The freehold land has a site area of about 71,464 *sq. m.* and enjoys a sea frontage. The Group intends to develop a sustainable resort complex with hotels and villas, together with its own private beach, swimming pool and abundant diving facilities. The Group is now undergoing detailed study on the development scheme for the site and preparing a master layout plan.

ISLAND ONE

Busuanga, San Jose, Coron, Palawan, Philippines

During the year under review, the Group entered into a memorandum of understanding with an independent third party for the formation of a joint venture of another Palawan project with an initial investment commitment of about US$7.7 million. The project is located along the shoreline of Maricaban within the Coron Province of Palawan. It is a freehold land with a site area of about 95,775 *sq. m.*, together with an adjacent site of about 42,900 *sq. m.* which has been reserved, making up a total of about 138,675 *sq. m.*. It is currently planned as a resort complex, comprising hotels, bungalows, water villas and a marina club. The resort complex will be developed in five phases.

(C) Development Properties

NO. 15 GOUGH HILL ROAD

The Peak, Hong Kong

On 9 June 2016, the Group entered into a sale and purchase agreement (the "SP Agreement") with an independent third party (the "Buyer") for the disposal of the property holding subsidiary that held this property for a consideration of HK$2.1 billion (subject to adjustment). The consideration would be satisfied as to approximately 80% by cash and as to approximately 20% by the transfer of a commercial property located in Luohu District, Shenzhen, the PRC ("Peng Building" as mentioned above) to the Group. Details of the disposal were set out in the circular of the Company dated 20 July 2016.

On 26 November 2018, the Group entered into a supplemental agreement (the "Supplemental Agreement") with the Buyer to amend certain terms of the SP Agreement. According to the terms of the Supplemental Agreement, the Group is not required to carry out any fittings and finishes works after obtaining the occupation permit of the project and thus the consideration is reduced by HK$70 million accordingly. Details of the Supplemental Agreement were set out in the announcement of the Company dated 26 November 2018.

The redevelopment of No. 15 Gough Hill Road, The Peak, into a single house with unique architectural design was completed during the year with the occupation permit of the project issued on 30 January 2019.

On 28 February 2019, the Group received the entire balance of consideration of about HK$980 million from the Buyer, and completed the disposal of the subsidiaries that held this property. A net gain on disposal of approximately HK$461.2 million was recorded by the Group in the current financial year.

(C) Development Properties

NOS. 16–20 GAGE STREET

Central, Hong Kong

(87.5% to 100% owned)

The Group has already acquired full ownership of No. 20 Gage Street, and about 83% and 81% ownership of No. 16 and No. 18 Gage Street respectively before the submission of the application for the compulsory acquisition in March 2019. In parallel, the Group has successfully acquired some more units by private treaty after such application, making the current ownership to be 88.9% and 87.5% for No. 16 and No. 18 Gage Street respectively up to the date of this report. In order to speed up the whole site acquisition, the Group will continue to take steps to acquire the remaining units by private treaty while the compulsory acquisition is in progress.

This project has a total site area of about 3,600 *sq. ft.* and it is currently planned that a commercial/residential building with GFA of about 36,000 *sq. ft.* will be developed. Currently, the Group is studying the master layout plan and architectural design of the project. Meanwhile, the Group is also evaluating the benefits and the possibility of developing the property to an office building as there is a strong demand for such kind of usage nearby. With the prime location at Central, the Group is optimistic about the prospect of this project.

VILLA 28 AND VILLA 30

Po Shan Road, Hong Kong

(50% owned)

This photograph was taken on 16 June 2019 and had been edited and processed with computerized imaging techniques.

This project is owned as to 50% by the Group and 50% by a wholly-owned subsidiary of K. Wah International Holdings Limited (stock code: 173), and the Group is the project manager of the development. The property, with a site area of about 10,000 *sq. ft.*, is located in a prestigious mid-level area that enjoys a glamorous sea-view. Two sets of building plans to develop the property into (1) two semi-detached residences (left/right) with GFA of about 40,662 *sq. ft.*, and (2) a single residence with GFA of about 45,379 *sq. ft.*, have been approved by the Buildings Department respectively. The Group is now evaluating these two sets of building plans, and at the same time, studying the benefits and feasibility to develop the property into two semi-detached residences (top/bottom). Nevertheless, site formation and foundation works are in progress and are expected to be completed by the end of 2019.

(C) Development Properties

KOWLOON INLAND LOT NO. 11254

Reclamation Street/Shantung Street, Mongkok, Kowloon, Hong Kong

(40% owned)

This photograph was taken on 7 July 2019 and had been edited and processed with computerized imaging techniques.

This photograph was taken on 9 June 2019 and had been edited and processed with computerized imaging techniques.

Through the joint venture with a wholly-owned subsidiary of Sino Land Company Limited (stock code: 83), the Group participated in this project tendered by the Urban Renewal Authority in December 2017. The site is well located in the heart of the Mongkok district, neighbouring Langham Place. It covers a site area of approximately 14,900 *sq. ft.*. The project will provide residential GFA of about 112,200 *sq. ft.* and commercial GFA of about 22,400 *sq. ft.* and, upon completion, the commercial portion will be retained by the Urban Renewal Authority. General building plans have been approved by the relevant authorities. Site formation and foundation works have been commenced and are expected to be completed in the first half of 2020. It is expected that pre-sale of this project will be commenced in June 2020 upon the grant of the pre-sale consent by the relevant authorities.

(C) Development Properties

INTERNATIONAL FINANCE CENTRE

Sukhbaatar District, Ulaanbaatar, Mongolia

(100% owned)

The project has a site area of about 3,272 *sq. m.* and is located within the central business district. It is planned that a 26-storey retail/office building with GFA of about 40,000 *sq. m.*, comprising office units and carparking spaces with shopping units at the podium levels will be developed, and upon completion, the property will become the highest office building in Mongolia. Superstructure works have been topped off and the Group will monitor the progress of the internal and external finishing works. Marketing works for leasing have been commenced.

GREENVIEW GARDEN

Thu Duc District, Ho Chi Minh City, Vietnam

(100% owned)

The project covers a site area of about 20,200 *sq. m.* and it is planned that a commercial/residential complex with GFA of about 91,000 *sq. m.* will be developed on the site. The Group has commenced the site leveling works for the development of Phase I of this project to a commercial/residential building with GFA of about 17,340 *sq. m.*. Meanwhile, the Group is also exploring other options (including disposal) to accelerate return on investment in this project.

(D) Chuang's China (stock code: 298) (60.7% owned)

Chuang's China and its subsidiaries (the "Chuang's China Group") are principally engaged in, inter alia, property development and investment. For the year ended 31 March 2019, the Chuang's China Group recorded profit attributable to equity holders of HK$167.8 million (2018: HK$279.9 million) and revenues of HK$199.8 million (2018: HK$174.3 million) (which comprised revenues from sales of properties in the PRC of HK$71.4 million (2018: HK$59.2 million), revenues from rental and management fee of HK$71.1 million (2018: HK$52.1 million), revenues from cemetery assets of HK$14.4 million (2018: HK$16.0 million) and revenues from securities investment and trading income of HK$42.9 million (2018: HK$44.8 million)).

(i) Investment Properties

The Chuang's China Group holds the following portfolio of investment properties in the PRC, the United Kingdom (the "UK") and Malaysia for steady recurring rental income.

CHUANG'S MID-TOWN

Anshan, Liaoning

(100% owned by Chuang's China)

Chuang's Mid-town consists of a 6-level commercial podium providing an aggregate 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 Chuang's China 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 Chuang's China 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 Chuang's China 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.

(i) Investment Properties

HOTEL AND RESORT VILLAS

Xiamen, Fujian

(59.5% owned by Chuang's China)

The Chuang's China 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 Chuang's China Group was about RMB266.4 million (equivalent to approximately HK$311.0 million), whereas the total investment costs of the Chuang's China Group are about HK$194 million.

(i) Investment Properties

HOTEL AND RESORT VILLAS

Xiamen, Fujian

(59.5% owned by Chuang's China)

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.

(i) Investment Properties

HOTEL AND RESORT VILLAS

Xiamen, Fujian

(59.5% owned by Chuang's China)

22 VILLAS AND COMMERCIAL PROPERTIES

CHUANG'S LE PAPILLON

Guangzhou, Guangdong

(100% owned by Chuang's China)

Within the Chuang's China Group's property development in Guangzhou, the Chuang's China 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 Chuang's China 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).

(i) Investment Properties

COMMERCIAL PROPERTY

Shatian, Dongguan, Guangdong

(100% owned by Chuang's China)

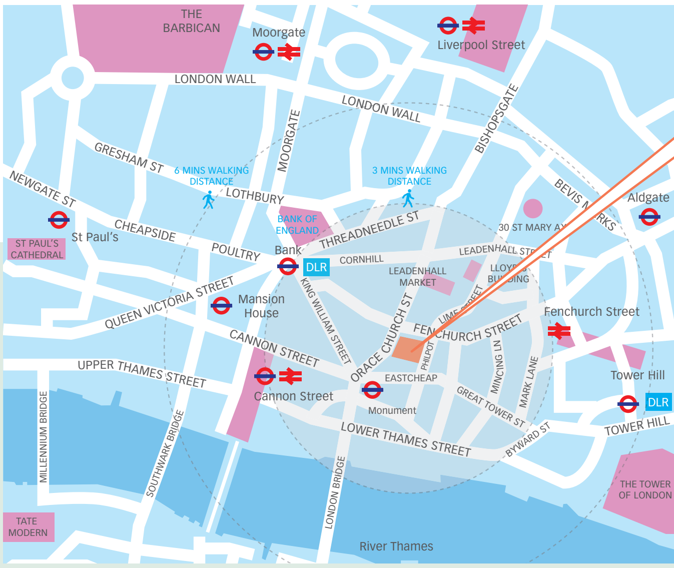
The Chuang's China Group holds a 4-storey commercial building in Shatian, Dongguan, providing a total GFA of about 4,167 *sq. m.* for commercial, retail and office usage. As at 31 March 2019, valuation of the property was RMB36.4 million (equivalent to approximately HK$42.5 million). Marketing for leasing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

OFFICE PROPERTY

Fenchurch Street, London, UK

(100% owned by Chuang's China)

(i) 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 Chuang's China 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 Chuang's China Group is confident that potential investors will be attracted by the prime location of 10 Fenchurch Street, and the Chuang's China 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 by Chuang's China)

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 Chuang's China 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 Chuang's China Group will identify suitable opportunities to expand on investment properties portfolio to enhance the Chuang's China Group's recurring and steady income.

(ii) Property Development

THE ESPLANADE

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

(100% owned by Chuang's China)

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 in 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 Chuang's China 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 Chuang's China Group intends to hold the commercial properties with total GFA of 25,813 *sq. ft.* for investment purpose.

(ii) Property Development

A PROPERTY DEVELOPMENT SITE

Hong Kong
(100% owned by Chuang's China)

Subsequent to the year-end date, the Chuang's China 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 by Chuang's China)

Chuang's Le Papillon is an integrated residential and commercial community and its development is implemented by phases. The Chuang's China 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 Chuang's China 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 Chuang's China Group will closely follow-up with the relevant PRC authorities for the land quota of the remaining 55,363 *sq. m.*. The Chuang's China 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.

(ii) Property Development

CHANGAN

Dongguan, Guangdong

(100% owned by Chuang's China)

The Chuang's China 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 Chuang's China 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 Chuang's China Group will also consider disposal of the property when suitable opportunities arise.

CHUANG'S PLAZA

Anshan, Liaoning

(100% owned by Chuang's China)

Adjacent to Chuang's Mid-town, the Chuang's China 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 Chuang's China Group will identify suitable options, including disposal, to accelerate capital return on this investment.

(ii) Property Development

CHANGSHA

Hunan
(69% owned by Chuang's China)

The Chuang's China 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 Chuang's China Group has made keen efforts to reactivate the business license but was opposed by the minority shareholders. During the year under review, the Chuang's China 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. Further announcement(s) about the legal proceeding will be made by Chuang's China as and when appropriate.

As announced on 9 November 2018 by Chuang's China, Chuang's China received an official civil complaint (the "Complaint") from the minority shareholder of the PRC project company against Chuang's China and an executive director of Chuang's China. As further announced on 26 June 2019 by Chuang's China, the Complaint was heard by 湖南省高級人民法院 (Hunan Province Higher People's Court#) and the Complaint has been dismissed.

English translation only

CHENGDU

Sichuan

(51% owned by Chuang's China)

The Chuang's China Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 31 March 2019, the Chuang's China Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK$171.4 million). The Chuang's China 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 Chuang's China 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.

(ii) Property Development

FORTUNE WEALTH

Sihui, Guangdong
(86% owned by Chuang's China)

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 RMB629.2 million (equivalent to approximately HK$734.5 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.

(iii) Investments in CNT Group Limited ("CNT") and CPM Group Limited ("CPM")

As at the date hereof, the Chuang's China 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 (the "Stock Exchange"). 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 Chuang's China 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.

(E) Other Businesses

(i) Sintex Nylon and Cotton Products (Pte) Limited ("Sintex")

Sintex is engaged in the sales of home finishing products under its own brand names in Singapore and is 88.2% owned by the Group. During the year, Sintex recorded revenues of HK$59.8 million (2018: HK$65.2 million), and incurred a loss of HK$4.9 million (2018: HK$3.2 million). In order to enhance the revenues and restore the business to profitability, Sintex has taken steps to broaden its customer bases through e-commerce sale, revamp its brand and image, and further evaluate the effectiveness of its retail stores by reorganizing the retail store portfolio.

(ii) Securities Investment and Trading

During the year, securities investment and trading business of the Group recorded dividend and interest income from investments of HK$134.3 million, net realized loss on disposal of investments of HK$5.2 million, and unrealized fair value loss on investments of HK$3.8 million as a result of mark to market valuations as at the balance sheet date.

As at 31 March 2019, investments of the Group amounted to HK$2,146.1 million (HK$1,466.4 million were held by the wholly-owned subsidiaries of the Group and HK$679.7 million were held by the Chuang's China Group), and comprised as to HK$2,079.5 million for investments in high yield bonds, HK$2.1 million for investments in securities listed on the Stock Exchange and the balance of HK$64.5 million for other investments in some FinTech companies, venture capital and funds which are not listed in the markets. The recent uncertain political and economic environment had asserted downward pressure on the prices of the bonds held by the Group, which may offset the high interest income generated. The Group will closely monitor the performance of the investment portfolio in light of the monetary environment and with reference to the Group's financial position.

Set out below is further information of the investments of the Group as at 31 March 2019:

(a) Bonds investments

Stock code	Bond issuer	Face value of bonds held as at 31 March 2019	Market value as at 31 March 2019	Percentage of market value to the Group's total assets as at 31 March 2019	Interest income for the year ended 31 March 2019	Fair value gain/(loss) for the year ended 31 March 2019
		US$'000	*HK$'000*		*HK$'000*	*HK$'000*
846	Mingfa Group (International) Company Limited (15%, due 2020)	40,000	323,812	1.4%	–	10,053
1638	Kaisa Group Holdings Limited			0.2%		
	(a) 8.5%, due 2022	4,400	32,775		2,932	(583)
	(b) 11.75%, due 2021	2,000	16,173		–	466
1813	KWG Group Holdings Limited			0.5%		
	(a) 6%, due 2022	10,000	79,157		4,706	1,127
	(b) 7.875%, due 2023	5,000	40,300		–	15
2007	Country Garden Holdings Company Limited			1.5%		
	(a) 4.75%, due 2023	10,000	75,071		3,724	(1,548)
	(b) 5.625%, due 2026	34,000	269,805		14,985	(4,826)
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd			1.8%		
	(a) 5.75%, due 2022	51,000	396,198		22,773	6,246
	(b) 8.875%, due 2021	2,000	16,530		697	927

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$'000	Fair value gain/(loss) for the year ended 31 March 2019 HK$'000
3333	China Evergrande Group			2.3%		
	(a) 7%, due 2020	12,000	93,832		3,296	(1,309)
	(b) 7.5%, due 2023	10,743	81,303		6,316	(3,117)
	(c) 8.25%, due 2022	39,200	302,958		22,744	(10,437)
	(d) 8.75%, due 2025	4,714	35,845		3,233	(2,074)
3380	Logan Property Holdings Company Limited			0.4%		
	(a) 6.875%, due 2021	4,000	32,771		1,077	1,503
	(b) 7.5%, due 2022	5,000	40,826		–	1,468
	(c) 8.75%, due 2020	2,000	16,827		–	(127)
3383	Agile Group Holdings Limited			0.4%		
	(a) 5.125%, due 2022	10,000	77,394		4,021	(881)
	(b) 6.7%, due 2022	1,800	14,464		–	327
600606	Greenland Global Investment Limited, a wholly-owned subsidiary of Greenland Holdings Corporation Limited (5.25%, due 2021)	4,300	33,635	0.2%	1,771	22
N/A	Guangxi Financial Investment Group Co., Limited (5.75%, due 2021)	13,000	99,802	0.5%	5,832	(1,670)
	Bonds redeemed/disposed of during the year	–	–	–	35,120	–
		265,157	2,079,478	9.2%	133,227	(4,418)

(b) **Securities investments**

Stock code	Investee company	Number of shares held as at 31 March 2019	Market value as at 31 March 2019 *HK$'000*	Percentage of market value to the Group's total assets as at 31 March 2019	Dividend income for the year ended 31 March 2019 *HK$'000*	Fair value loss for the year ended 31 March 2019 *HK$'000*
276	Mongolia Energy Corporation Limited	4,349,500	622	0.01%	–	(144)
8439	Somerley Capital Holdings Limited	912,000	1,523	0.01%	31	(191)
	Securities disposed of during the year		–	–	1,077	–
			2,145	0.02%	1,108	(335)

(c) **Brief description of principal business of the respective bond issuers and investee companies held as at 31 March 2019:**

Name of company	Principal business
Mingfa Group (International) Company Limited	Property development, property investment, property construction and hotel operation
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

Name of company	Principal 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 operations, 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
Mongolia Energy Corporation Limited	Energy and related resources business
Somerley Capital Holdings Limited	Provision of corporate finance advisory services

(iii) Money Lending Business

The Group had advanced loans to customers during the year. Revenues generated from this business during the year amounted to HK$7.8 million (2018: HK$7.8 million). As at 31 March 2019, outstanding amount of loans due from customers amounted to HK$174.5 million, which were mainly related to mortgage loans.

Financial Position

Net asset value

As at 31 March 2019, net assets attributable to equity holders of the Company was HK$12,102.2 million (2018: HK$11,152.1 million). Net asset value per share was HK$7.24 (2018: HK$6.67), which is calculated based on the book costs of the Group's properties for sale before taking into account their appreciated values.

Financial resources

As at 31 March 2019, the Group's cash, bank balances and investments held for trading amounted to HK$5,638.4 million (2018: HK$3,932.8 million). Bank borrowings as at the same date amounted to HK$7,307.5 million (2018: HK$6,421.2 million). The Group's net debt to equity ratio, 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, was 13.8% (2018: 22.3%).

Approximately 95.7% of the Group's cash, bank balances and investments held for trading were denominated in Hong Kong dollar and United States dollar, 3.5% were in Renminbi and the balance of 0.8% were in other currencies. Approximately 91.1% of the Group's bank borrowings were denominated in Hong Kong dollar, 6.9% were in British Pound Sterling and the balance of 2.0% were in Malaysian Ringgit and other currencies.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 19.8% of the Group's bank borrowings were repayable within the first year, 11.6% were repayable within the second year, 66.1% were repayable within the third to fifth years and the balance of 2.5% were repayable after the fifth year.

Foreign exchange risk

As disclosed in the "Business Review" section of this report, the Group also conducts its businesses in other places outside Hong Kong, 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

During the year, the Group had successfully completed the disposal of No. 15 Gough Hill Road, The Peak, Hong Kong and received the remaining sale proceeds of about HK$980 million in cash before the financial year ended 31 March 2019. Such cash proceeds would enable the Group to increase its working capital, improve its liquidity and strengthen the overall financial position, as well as to enhance its future development and investment capability. With the uncertainty in the current economic environment, although the Group may need more time to execute its strategy to realize investments in properties, it has provided a good opportunity to facilitate the Group in replenishing its land bank through acquisitions or site amalgamation. At the same time, the Group will keep focusing on and improving its performance on its principal business and operation in order to maintain its competitiveness and strengthen its base of profitability.

Moving forward, the Group will continue our mission (i) to take steps to further enhance rental yield and return of our investment/hotel properties and thus their capital values by constantly reviewing the portfolio mix and yield with reference to their market prices; (ii) to unlock the stored value of our development projects by speeding up their development and sales in accordance with local market conditions; (iii) to identify new business opportunities including land acquisitions (through land auction, site amalgamation or joint venture) and property investments; and (iv) to actively further review our group structure so that resources can be deployed in a more effective and efficient manner, all with a view to continue to create value for our 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 (excluding the Chuang's China Group) employed 307 staff and the Chuang's China 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.

Alan Chuang Shaw Swee
Chairman

Hong Kong, 27 June 2019

CORPORATE
INFORMATION

Directors	Alan Chuang Shaw Swee *(Chairman)* Albert Chuang Ka Pun *(Vice Chairman)* Chong Ka Fung *(Joint Managing Director)* Richard Hung Ting Ho *(Joint Managing Director)* Candy Kotewall Chuang Ka Wai Geoffrey Chuang Ka Kam Chan Chun Man Abraham Shek Lai Him, G.B.S., J.P.* Fong Shing Kwong* Yau Chi Ming* David Chu Yu Lin, S.B.S., J.P.* Tony Tse Wai Chuen, B.B.S.* * *Independent Non-Executive Directors*
Audit Committee	Abraham Shek Lai Him, G.B.S., J.P.# Fong Shing Kwong Yau Chi Ming
Nomination Committee/ Remuneration Committee	Abraham Shek Lai Him, G.B.S., J.P.# Fong Shing Kwong David Chu Yu Lin, S.B.S., J.P.
Corporate Governance Committee	Albert Chuang Ka Pun# Chong Ka Fung Candy Kotewall Chuang Ka Wai Chan Chun Man
Company Secretary	Lee Wai Ching
Independent Auditor	PricewaterhouseCoopers 22nd Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

Chairman of the relevant committee

Corporate Information (continued)

Registrars	**Bermuda:** MUFG Fund Services (Bermuda) Limited The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda **Hong Kong:** Tricor Standard 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 China Construction Bank (Asia) Corporation Ltd. 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-consortium.com*

Singapore Office	245 Jalan Ahmad Ibrahim, Jurong Town, Singapore 629144, Republic of Singapore
Vietnam Office	Room 204A, 2nd Floor, Capital Place Building, 6 Thai Van Lung Street, District 1, Ho Chi Minh City, Vietnam
Mongolia Office	8th Floor, Eastern Section, Landmark Tower, Chinggis Avenue–13, 1st Khoroo, Sukhbaatar District, Ulaanbaatar 14251, Mongolia
Stock Code	367

BIOGRAPHICAL DETAILS

OF DIRECTORS AND SENIOR MANAGEMENT

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Alan Chuang Shaw Swee[1] (aged 67), the chairman, has extensive experience in business development and investment in Hong Kong, the People's Republic of China (the "PRC") and Southeast Asia. With his substantial connections, he has actively involved in the development and management of investments in Hong Kong, the PRC and Southeast Asia. He was the honorary chairman of Chuang's China Investments Limited ("Chuang's China"), which is a subsidiary of the Company and listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was an Adviser of Hong Kong Affairs and a member of the Selection Committee for the Government of the Hong Kong Special Administrative Region. He is a member of the National Committee of The Chinese People's Political Consultative Conference, a standing committee member of All-China Federation of Returned Overseas Chinese, the President of the Association for the Promotion of Global Chinese Traders Fraternity Ltd., the Honorary member of Guangzhou Panyu Overseas Exchanges Association, the Vice President of China Federation of Overseas Chinese Entrepreneurs and the Committee for the Promotion of Fujian-Taiwan Economic Cooperation, the Honorary President of Hunan Overseas Friendship Association and Fujian International Culture & Economy Exchange Foundation, an economic adviser to Chengdu, Sichuan, an overseas consultant to Sichuan Provincial Overseas Exchanges Association, an Honorary Citizen of Xiamen City, Guangzhou City and Chia-Yi, Taiwan and an executive director of the Board of Trustees of Jimei University, Xiamen City. He is also the Vice President of the Hong Kong Factory Owners Association, the Honorary President of the Hong Kong Federation of Overseas Chinese Association, the Honorary President of the Chinese General Chamber of Commerce, a director of The Real Estate Developers Association of Hong Kong, the Senate of the Democratic Alliance for the Betterment and Progress of Hong Kong, the Life Honorary President of the General Association of Xiamen (H.K.) Ltd., the Permanent President of Hong Kong Huian Natives Association, the Life Honorary President of Chuang & Yen Clansmen's General Association and a director of the Friends of Hong Kong Association Ltd.. He is the father of Mr. Albert Chuang Ka Pun, Mr. Chong Ka Fung, Mrs. Candy Kotewall Chuang Ka Wai and Mr. Geoffrey Chuang Ka Kam. He joined the Group in 1970.

Mr. Albert Chuang Ka Pun (aged 39), the vice chairman, has over 15 years of experience in property business and general management. He is the chairman of Chuang's China. 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. He is the son of Mr. Alan Chuang Shaw Swee and the brother of Mr. Chong Ka Fung, Mrs. Candy Kotewall Chuang Ka Wai and Mr. Geoffrey Chuang Ka Kam. He joined the Group in 2005.

[1] *also known as Alan Chong Shaw Swee*

Executive Directors (continued)

Mr. Chong Ka Fung (aged 34), the joint managing director, has 9 years of experience in architecture, interior design and general management. He is also the managing director of Chuang's China. 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. He 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. Geoffrey Chuang Ka Kam. He joined the Group in 2012.

Mr. Richard Hung Ting Ho (aged 65), the joint managing director, has over 40 years of experience in corporate development and general management. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries. He joined the board in September 2016.

Mrs. Candy Kotewall Chuang Ka Wai[2] (aged 37), an executive director, has 15 years of experience in general management, marketing and property business. She is a member of The Chinese People's Political Consultative Conference, Xiamen Committee, Beijing Youth Federation, Xiamen Overseas Friendship Association, The Y. Elites Association Limited and Hong Kong United Youth Association, the honorary president of the Hong Kong CPPCC of Fukien Province Members Association, the vice chairman of the General Association of Xiamen (H.K.) Ltd. and a member of the board of councillors of Public Art Hong Kong. She is the daughter of Mr. Alan Chuang Shaw Swee, the sister of Mr. Albert Chuang Ka Pun, Mr. Chong Ka Fung and Mr. Geoffrey Chuang Ka Kam. She joined the Group in 2005.

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 China. He holds a Bachelor degree of Arts with major in economics. He 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. He joined the board in February 2018.

Mr. Chan Chun Man (aged 43), an executive director, has over 20 years of experience in finance, accounting and auditing. He holds a bachelor degree in accountancy and a master degree in business administration. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of each of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. He is also a Chartered Financial Analyst of CFA Institute. He joined the Group in 2003.

[2] *formerly known as Candy Chuang Ka Wai*

Independent Non-Executive Directors

Mr. Abraham Shek Lai Him[3] G.B.S., J.P. (aged 74), was appointed as an independent non-executive director in 2004. 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 the honorary chairman and an independent non-executive director of Chuang's China, an independent non-executive director of 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. Fong Shing Kwong (aged 71), was appointed as an independent non-executive director in 2008. Mr. Fong has over 41 years of experience in the hospitality industry and has extensive experience in property development, asset and facility management and investment business in the PRC.

Mr. Yau Chi Ming (aged 65), was appointed as an independent non-executive director in 2012. He is a practising certified public accountant in Hong Kong with over 34 years of experience. He is a fellow 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, the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Chartered Professional Accountants of British Columbia in Canada.

Mr. David Chu Yu Lin S.B.S., J.P. (aged 75), was appointed as an independent non-executive director in 2013. 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 Northeastern University. He is an independent non-executive director of Chuang's China, 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.

Mr. Tony Tse Wai Chuen B.B.S. (aged 64), was appointed as an independent non-executive director in 2016. Mr. Tse has over 43 years of experience in property investment and development in both public and private sectors. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region. He is a fellow member of the Hong Kong Institute of Surveyors. He is a member of the Standing Commission on Civil Service Salaries and Conditions of Service, the chairman of the Property Management Services Authority, the vice-chairman of Independent Police Complaints Council, a non-official member of the Harbourfront Commission and a member of the Court of Lingnan University. He is a member of the National Committee of the Chinese People's Political Consultative Conference and a member of the 9th committee of China Association for Science and Technology.

[3] *also known as Abraham Razack*

Senior Management

Mr. Lee Yiu Sing (aged 51), the general manager of property development and sales department, has over 25 years of experience in property sales, leasing, marketing and property management. He has a bachelor degree in science and is a member of the Chartered Institute of Housing. He joined the Group in 2005.

Mr. Chan Hing Kwong (aged 43), the deputy general manager of sales and marketing division, has over 20 years of experience in property sales, leasing, marketing and property management. He holds a bachelor degree in science and a master degree in housing management. He joined the Group in 2008.

Mr. Simon Ho Chung Man (aged 34), the deputy general manager of business development division, has over 13 years of experience in property industry. He holds a bachelor degree of business administration, a postgraduate diploma in professional accounting and a master degree in facilities management. He is a member of the Hong Kong Institute of Surveyors and the member of the Royal Institution of Chartered Surveyors. He joined the Group in 2015.

Mr. Chan Ka On (aged 51), the senior project manager, has 26 years of experience in construction and property development. He holds a bachelor of science degree in building surveying. He joined the Group in 2001.

Mr. Khor Chii Yau (aged 34), the senior project manager, has over 11 years of experience in architecture, project management and contract administration. He holds a bachelor degree of design (architecture) and master degree of architecture. He is a member of the Hong Kong Institute of Architects and is a Hong Kong Registered Architect. He joined the Group in 2014.

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. Cici Wong Shi Wai (aged 44), the group legal counsel, has over 20 years of experience in legal field. She holds a bachelor degree in laws, a postgraduate certificate in laws and a master of laws degree in corporate and financial law. She is a solicitor of the High Court of Hong Kong. She joined the Group in 2006.

Ms. Lee Wai Ching (aged 58), the company secretary, is responsible for the Group's company secretarial matters. She 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.

SENIOR MANAGEMENT (continued)

Ms. Lim Bee Geok (aged 53), a director and the general manager of the Singapore Division, is responsible for the Group's operation in Singapore. She has over 22 years of experience in marketing and general management. She joined the Group in 1990.

Mr. Tong Kwok Lun (aged 40), the chief representative of the Vietnam Division, is responsible for the Group's development projects in Vietnam. He has over 15 years of experience in property investment and development. He holds a bachelor degree in real estate. He joined the Group in 2007.

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. 89 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. Alan Chuang Shaw Swee* ("Mr. Alan Chuang")	Chairman
Mr. Albert Chuang Ka Pun* ("Mr. Albert Chuang")	Vice Chairman
Mr. Chong Ka Fung* ("Mr. Edwin Chong")	Joint Managing Director
Mr. Richard Hung Ting Ho ("Mr. Richard Hung")	Joint Managing Director
Mrs. Candy Kotewall Chuang Ka Wai* ("Ms. Candy Chuang")	Executive Director
Mr. Geoffrey Chuang Ka Kam* ("Mr. Geoffrey Chuang")	Executive Director
Mr. Chan Chun Man	Executive Director
Mr. Abraham Shek Lai Him ("Mr. Abraham Shek")	Independent Non-Executive Director
Mr. Fong Shing Kwong ("Mr. Fong")	Independent Non-Executive Director
Mr. Yau Chi Ming ("Mr. Yau")	Independent Non-Executive Director
Mr. David Chu Yu Lin ("Mr. David Chu")	Independent Non-Executive Director
Mr. Tony Tse Wai Chuen ("Mr. Tony Tse")	Independent Non-Executive Director

* *Mr. Alan Chuang is the father of Mr. Albert Chuang, Mr. Edwin Chong, Ms. Candy Chuang and Mr. Geoffrey Chuang. Mr. Albert Chuang, Mr. Edwin Chong, Ms. Candy Chuang and Mr. Geoffrey Chuang are siblings.*

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 both the 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.

Report on corporate governance practices (continued)

(A) The Board (continued)

(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 Independent Non-Executive Directors are appointed for a term of three years, subject to retirement by rotation as aforesaid.

(iii) Nomination Committee

A Nomination Committee was established by the Company with clear terms of reference. The Nomination Committee currently comprises three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. Fong and Mr. David Chu. 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. Fong	1/1
Mr. David Chu	1/1

* *Chairman of the Nomination Committee*

Report on corporate governance practices (continued)

(A) The Board (continued)

(iv) Board meeting

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 Vice Chairman and the Joint Managing Directors, 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 of the current Directors in Board meetings is as follows:

Name	Position	No. of meetings attended/held
Mr. Alan Chuang	Chairman	4/5
Mr. Albert Chuang	Vice Chairman	5/5
Mr. Edwin Chong	Joint Managing Director	5/5
Mr. Richard Hung	Joint Managing Director	5/5
Ms. Candy Chuang	Executive Director	4/5
Mr. Geoffrey Chuang	Executive Director	5/5
Mr. Chan Chun Man	Executive Director	5/5
Mr. Abraham Shek	Independent Non-Executive Director	5/5
Mr. Fong	Independent Non-Executive Director	3/5
Mr. Yau	Independent Non-Executive Director	5/5
Mr. David Chu	Independent Non-Executive Director	5/5
Mr. Tony Tse	Independent Non-Executive Director	5/5

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. Alan Chuang is the Chairman, and Mr. Edwin Chong and Mr. Richard Hung, who are the Joint Managing Directors, are the Chief Executive Officers.

(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.

(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.

Report on corporate governance practices (continued)

(A) The Board (continued)

(ix) Directors' training (continued)

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 of the current Directors 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. Alan Chuang	√	√	√
Mr. Albert Chuang	√	√	√
Mr. Edwin Chong	√	√	√
Mr. Richard Hung	√	√	√
Ms. Candy Chuang	√	√	√
Mr. Geoffrey Chuang	√	√	√
Mr. Chan Chun Man	√	√	√
Mr. Abraham Shek	√	√	√
Mr. Fong	√	√	√
Mr. Yau	√	√	√
Mr. David Chu	√	√	√
Mr. Tony Tse	√	√	√

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 Independent Non-Executive Directors

Each Independent Non-Executive Director of the Company entitles to an annual fee of HK$150,000 from the Company. In determining such fee, the Board has taken into account the current market conditions. Such fee is also subject to the 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. Fong and Mr. David Chu. 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. Fong	1/1
Mr. David Chu	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 120 to 127 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.

(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 three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. Fong and Mr. Yau. 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. Fong	3/3
Mr. Yau	3/3

* *Chairman of the Audit Committee*

Report on corporate governance practices (continued)

(C) Accountability and audit (continued)

(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	3,970
Non-audit services	1,680
	5,650

(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 written 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.

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(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 comprised four Executive Directors, Mr. Albert Chuang, Mr. Edwin Chong, Ms. Candy Chuang and Mr. Chan Chun Man. 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
Mr. Edwin Chong	2/2
Ms. Candy Chuang	1/2
Mr. Chan Chun Man	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 three Directors who had not attend the 2018 annual general meeting of the Company held on 27 September 2018 (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	Position	Attendance
Mr. Alan Chuang	Chairman	Yes
Mr. Albert Chuang	Vice Chairman	Yes
Mr. Edwin Chong	Joint Managing Director	Yes
Mr. Richard Hung	Joint Managing Director	Yes
Ms. Candy Chuang	Executive Director	Yes
Mr. Geoffrey Chuang	Executive Director	Yes
Mr. Chan Chun Man	Executive Director	Yes
Mr. Abraham Shek	Independent Non-Executive Director	Yes
Mr. Fong	Independent Non-Executive Director	No
Mr. Yau	Independent Non-Executive Director	Yes
Mr. David Chu	Independent Non-Executive Director	No
Mr. Tony Tse	Independent Non-Executive Director	No

Report on corporate governance practices (continued)

(F) Communication with shareholders (continued)

(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.

(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 the 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.

Report on corporate governance practices (continued)

(G) Shareholders' rights

(i) Convening a special general meeting

Pursuant to Bye-law no. 58 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.

(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 enquiries to the Board at their discretion. Such enquiries shall be made in writing directed to "The Board of Directors, Chuang's Consortium International Limited" by one of the following means:

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

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

Report on corporate governance practices (continued)

(G) Shareholders' rights (continued)

(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. 89 of the Company, a shareholder or shareholders (not being the person to be proposed) who holds or collectively hold not less than 5% in 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.

- 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;

Report on corporate governance practices (continued)

(G) Shareholders' rights (continued)

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

(a) (continued)

- (continued)
  - 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 Consortium International 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
- 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.

REPORT ON CORPORATE GOVERNANCE PRACTICES (continued)

(G) Shareholders' rights (continued)

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

(a) (continued)

- 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 HM11, 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

Report on corporate governance practices (continued)

(G) Shareholders' rights (continued)

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

(b) (continued)

- ○ (continued)
    - 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.

- ○ 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 Consortium International Limited" by one of the following means:
    - By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
    - By email to : consortium-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 Consortium International Limited

Richard Hung Ting Ho
Joint Managing Director

Hong Kong, 27 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, manufacturing, sales and trading of goods and merchandises, securities investment and trading, and money lending.

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.

Environmental (continued)

Emissions (continued)

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. Furthermore, for the Group's hotel operation and management business, LED lighting in corridors of guest floors are motion sensitive. Moreover, guests are invited to join the ECO package and are rewarded with a gift if they are willing to reduce the frequency of towel change. Apart from basic amenities, certain items such as, combs, would be available only on request.

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 307 staffs, with a male to female ratio of 1.2:1.

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.

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.

Social (continued)

Employment and Labour Practices (continued)

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.

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.

Social (continued)

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;
- Provision of OHS orientation for new joiners before taking on their job duty in hotel operation and management; 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.

Social (continued)

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.

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.

Social (continued)

Supply Chain Management (continued)

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.

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.

Social (continued)

Product Responsibility (continued)

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.

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.

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 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$3,555,000. 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. Facing the challenge of global climate change, the Group also joined the community-based greening activity organized by the South China Media in an effort to raise awareness of extreme weather and promote energy saving.

Committed to embedding social responsibility into business operations and delivering outstanding business performance, the Group was honoured in recognition of this year's achievements at the ListCo Excellence Awards 2018 jointly presented by am730, PR Asia and RoadShow, as well as the Corporate Social Responsibility Awards 2018 jointly presented by Capital and South China Media.

Environmental KPIs

Environmental KPIs	Unit	2019	2018
Total greenhouse gas (GHG) emissions	Tonne CO_2e	**2,107**	2,500
Scope 1 — Direct emissions and removals	Tonne CO_2e	**253**	–
Scope 2 — Energy indirect emissions	Tonne CO_2e	**1,854**	2,500
Total non-hazardous waste produced	Tonne	**5**	6
Total energy consumption	kWh	**4,318,112**	3,800,000
Total energy consumption intensity			
By revenues	kWh/Revenues (HK$'000)	**6.97**	5.03
Total direct energy consumption — Gasoline/Petrol	kWh	**903,776**	–
Total direct energy consumption intensity			
By revenues	kWh/Revenues (HK$'000)	**1.46**	–
Total indirect energy consumption — Purchased electricity	kWh	**3,414,336**	3,800,000
Total indirect energy consumption intensity			
By revenues	kWh/Revenues (HK$'000)	**5.51**	5.03
Water consumption	m^3	**31,806**	25,000
Water consumption intensity			
By revenues	m^3/Revenues (HK$'000)	**0.05**	0.03

On behalf of the Board of
Chuang's Consortium International Limited

Richard Hung Ting Ho
Joint Managing Director

Hong Kong, 27 June 2019

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 Chairman's Statement as set out on pages 2 to 57 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 and net gain, 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 Chairman's Statement and Summary of Financial Information as set out on pages 2 to 57 and page 241 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 92 to 105 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 42 to the consolidated financial statements.

Analysis of the performance by 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 128.

As regards payment of dividend, it is the policy of the Group to pay a recurrent and stable dividend to its shareholders. After taking into account the need to maintain sufficient financial resources for the working capital of the Group's projects and businesses, the Board has 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 6.5 HK cents (2018: 5.0 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 3.5 HK cents (2018: 3.0 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, will amount to 10.0 HK cents (2018: 8.0 HK cents) per share, representing an increase of 25% over that of the last year. Total dividends paid and to be paid in respect of the current financial year will amount to HK$167.3 million (2018: HK$133.9 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$3,555,000.

Pre-emptive rights

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

Reserves

Movements in reserves of the Group and the Company during the year are set out in note 33 and note 41(a) to the consolidated financial statements respectively. Total distributable reserves of the Company amounted to approximately HK$3,255,737,000 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 237 to 240.

Summary of financial information

A summary of financial information of the Group for the last five financial years is set out on page 241.

Directors

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

Mr. Alan Chuang Shaw Swee
Mr. Albert Chuang Ka Pun
Mr. Chong Ka Fung
Mr. Richard Hung Ting Ho
Mrs. Candy Kotewall Chuang Ka Wai
Mr. Geoffrey Chuang Ka Kam
Mr. Chan Chun Man
Mr. Abraham Shek Lai Him
Mr. Fong Shing Kwong
Mr. Yau Chi Ming
Mr. David Chu Yu Lin
Mr. Tony Tse Wai Chuen

At the AGM, Mr. Alan Chuang Shaw Swee, Mr. Chong Ka Fung, Mr. Yau Chi Ming and Mr. David Chu Yu Lin will retire from office in accordance with the Company's Bye-laws nos. 87(2) and 87(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") and, being eligible, will offer themselves for re-election.

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 62 to 67 of this report.

Directors' rights to acquire shares or debentures

Other than the share option schemes adopted by the Company and its subsidiary as detailed in the section headed "Share option schemes" below, at no time during the year was the Company, any of its 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:

(a) Interests in the Company

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	973,901,404	*Note 1*	58.23
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,299,678	Beneficial owner	0.08

(b) Interests in Chuang's China Investments Limited ("Chuang's China")

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	1,426,074,923	*Notes 2 & 4*	60.71
Mrs. Candy Kotewall Chuang Ka Wai ("Ms. Candy Chuang")	1,255,004	Beneficial owner	0.05

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(c) Interests in Treasure Auctioneer International Limited ("Treasure")

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	800,000	*Notes 3 & 4*	80.0

Note 1: Such interests comprised 790,293,332 shares in the Company owned by Evergain Holdings Limited ("Evergain"), a company beneficially owned by Mr. Alan Chuang, and the remaining interests arose as a result of Mr. Alan Chuang being a discretionary object of a discretionary trust, the trustee of which held 183,608,072 shares in the Company. Mr. Alan Chuang, Mr. Albert Chuang, Mr. Chong Ka Fung ("Mr. Edwin Chong"), Ms. Candy Chuang and Mr. Geoffrey Chuang Ka Kam ("Mr. Geoffrey Chuang") are directors of Evergain.

Note 2: Such interests are held by Profit Stability Investments Limited, a wholly-owned subsidiary of the Company.

Note 3: Such interests comprised 550,000 shares in Treasure owned by a corporation beneficially owned by Mr. Alan Chuang and 250,000 shares in Treasure beneficially owned by a wholly-owned subsidiary of Chuang's China. Chuang's China is a subsidiary of the Company.

Note 4: Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of the Company.

Save as disclosed, during the year, 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 or any of its 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. Alan Chuang, Mr. Albert Chuang, Mr. Edwin Chong, Ms. Candy Chuang and Mr. Geoffrey Chuang hold equity interests and directorships in certain private companies which are engaged in the businesses of luxurious residential property investment in Hong Kong and securities investment and trading. Mr. Richard Hung Ting Ho ("Mr. Richard Hung") had been a non-executive director of CNT Group Limited ("CNT") until 5 June 2019. CNT is a company whose issued shares are listed on the Stock Exchange, the principal activities of which include property investment in Hong Kong and the People's Republic of China. As the properties owned by the private companies and CNT are of different types and/or in different locations from those of the Group, and the compositions of the respective boards of directors of the private companies and CNT are different from that of the Group, the Group operates its businesses independently of, and at arm's length from, the businesses of the private companies and CNT.

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
Evergain	790,293,332	Beneficial owner, *Note 1*	47.25
Mrs. Chong Ho Pik Yu	790,293,332	*Note 2*	47.25
Madam Chuang Shau Har ("Madam Chuang")	184,353,709	*Note 3*	11.02
Mr. Lee Sai Wai ("Mr. Lee")	184,353,709	*Note 4*	11.02

Note 1: Such interests have been mentioned in Note 1 to the section headed "Directors' interests and short positions in shares, underlying shares and debentures".

Note 2: Such interests arose by attribution through her spouse, Mr. Alan Chuang, whose interests have been mentioned in Note 1 to the section headed "Directors' interests and short positions in shares, underlying shares and debentures".

Note 3: Interests in 183,608,072 shares in the Company arose as a result of Madam Chuang being the trustee and a discretionary object of a discretionary trust which owned such shares in the Company. The remaining interests in 745,637 shares in the Company arose by attribution through her spouse, Mr. Lee.

Note 4: Interests in 183,608,072 shares in the Company arose by attribution through his spouse, Madam Chuang, whose interests have been mentioned in Note 3 above. The remaining interests in 745,637 shares in the Company are beneficially owned by Mr. Lee.

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 or short positions in the shares or 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 was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

Controlling shareholders' interests in contracts

There was no contract of significance between the Company or any of its subsidiaries and the controlling shareholders 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 the five largest suppliers of the Group accounted for approximately 22% and 52% of the total purchases of the Group for the year respectively.

The aggregate revenues attributable to the five largest customers of the Group accounted for less than 30% of the total revenues of the Group for the year.

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 of the Group.

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 10 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 schemes

Pursuant to the ordinary resolutions passed in the annual general meeting of the Company held on 31 August 2012, a share option scheme of the Company (the "Scheme") has been adopted, and the share option scheme adopted by Chuang's China on 31 August 2012 (the "Chuang's China Scheme") has been approved.

(a) A 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 this report:	159,284,491 shares are available for issue under the Scheme, representing approximately 9.52% 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 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 of the Company 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 of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share of the Company
8. The remaining life of the Scheme:	Valid until 30 August 2022 unless otherwise terminated under the terms of the Scheme

SHARE OPTION SCHEMES (continued)

(b) A summary of the Chuang's China Scheme is set out as follows:

1.	Purpose:	To give incentive to directors, employees or business consultants of Chuang's China and its subsidiaries (collectively as the "Chuang's China Group") and any other party as approved under the Chuang's China Scheme
2.	Participants:	Including, inter alia, directors, employees or business consultants of the Chuang's China Group
3.	Total number of shares of Chuang's China available for issue under the Chuang's China Scheme and percentage of the issued share capital of Chuang's China that it represents as at the date of this report:	152,332,870 shares of Chuang's China are available for issue under the Chuang's China Scheme, representing approximately 6.49% of the issued share capital of Chuang's China as at the date of this report
4.	Maximum entitlement of each participant:	1% of the maximum aggregate number of shares of Chuang's China that may be issued within 12 months pursuant to the Chuang's China Scheme
5.	Period within which the shares of Chuang's China must be taken up under an option:	Not applicable. No share option has been granted by Chuang's China since the date of adoption of the Chuang's China 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 Chuang's China upon acceptance of 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 of Chuang's China 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 of Chuang's China as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share of Chuang's China
8.	The remaining life of the Chuang's China Scheme:	Valid until 30 August 2022 unless otherwise terminated under the terms of the Chuang's China 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. Alan Chuang	5,488
Mr. Edwin Chong	2,788
Mr. Richard Hung	2,630
Ms. Candy Chuang	2,338
Mr. Chan Chun Man	2,636

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. Richard Hung retired as a non-executive director of CNT on 5 June 2019, the shares of which are listed on the Stock Exchange.

(c) 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.

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 Consortium International Limited

Richard Hung Ting Ho
Joint Managing Director

Hong Kong, 27 June 2019

FINANCIAL
INFORMATION

羅兵咸永道

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

Opinion

What we have audited
The consolidated financial statements of Chuang's Consortium International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 128 to 236, 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 summarised 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), 17 and 23 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 results of joint ventures " respectively in the consolidated income statement. The Group's investment property portfolio comprises commercial and residential properties in Hong Kong, the People's Republic of China, Taiwan, 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), 19 and 26 to the consolidated financial statements* The Group had HK$979 million and HK$2,083 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 price 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 20 to the consolidated financial statements* The Group had HK$283 million and HK$452 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.

- 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.

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

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, 27 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 and net gain	5	**619,238**	755,163
Revenues		**617,150**	729,145
Net gain of financial assets at fair value through profit or loss		**2,088**	26,018
Cost of sales		**(176,294)**	(299,938)
Gross profit		**442,944**	455,225
Other income and net gain	7	**44,374**	41,422
Fair value gain on transfer of properties from properties for sale to investment properties	26(e)	**6,349**	481,779
Gain on disposal of subsidiaries	8	**461,208**	363,156
Selling and marketing expenses		**(56,840)**	(44,365)
Administrative and other operating expenses		**(476,077)**	(473,744)
Change in fair value of investment properties	17	**1,108,170**	822,925
Operating profit	9	**1,530,128**	1,646,398
Finance costs	11	**(184,765)**	(124,911)
Share of results of associated companies	22	**2,573**	1,319
Share of results of joint ventures	23	**23,944**	10,256
Profit before taxation		**1,371,880**	1,533,062
Taxation	13	**(79,212)**	(124,011)
Profit for the year		**1,292,668**	1,409,051
Attributable to:			
Equity holders		**1,226,643**	1,297,145
Non-controlling interests		**66,025**	111,906
		1,292,668	1,409,051
		HK cents	HK cents
Earnings per share (basic and diluted)	15	**73.34**	77.39

The notes on pages 135 to 236 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	**1,292,668**	1,409,051
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	**(177,198)**	270,793
Share of exchange reserve of a joint venture	**(10,043)**	10,556
Realization of exchange reserves upon disposal of subsidiaries	**–**	(4,794)
Change in fair value of available-for-sale financial assets	**–**	(63,606)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	**–**	(615)
Total other comprehensive (loss)/income that may be reclassified subsequently to profit and loss	**(187,241)**	212,334
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 properties from property, plant and equipment and leasehold lands and land use rights to investment properties, net of deferred taxes	**–**	18,931
Total other comprehensive (loss)/income that may not be reclassified subsequently to profit and loss	**(40,244)**	18,931
Total other comprehensive (loss)/income for the year	**(227,485)**	231,265
Total comprehensive income for the year	**1,065,183**	1,640,316
Total comprehensive income attributable to:		
Equity holders	**1,092,391**	1,443,528
Non-controlling interests	**(27,208)**	196,788
	1,065,183	1,640,316

The notes on pages 135 to 236 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	16	**488,223**	520,124
Investment properties	17	**10,281,404**	10,290,698
Leasehold lands and land use rights	18	**709,627**	749,279
Properties for/under development	19	**979,295**	1,061,141
Cemetery assets	20	**282,534**	544,625
Associated companies	22	**69,274**	66,673
Joint ventures	23	**739,328**	710,463
Financial assets at fair value through other comprehensive income	24	**131,570**	–
Available-for-sale financial assets	24	**–**	240,251
Loans and receivables and other deposits	25	**386,735**	148,129
Deferred taxation assets	35	**29,700**	–
		14,097,690	14,331,383
Current assets			
Properties for sale	26	**2,082,749**	1,649,057
Cemetery assets	20	**451,943**	219,256
Inventories	27	**139,294**	141,054
Debtors and prepayments	28	**179,340**	388,235
Financial assets at fair value through profit or loss	29	**2,146,099**	1,944,414
Cash and bank balances	30	**3,492,271**	1,988,353
		8,491,696	6,330,369
Current liabilities			
Creditors and accruals	31(a)	**372,714**	631,869
Sales deposits received	31(b)	**343,153**	4,490
Short-term bank borrowings	34	**607,555**	195,917
Current portion of long-term bank borrowings	34	**1,350,290**	1,037,882
Taxation payable		**219,728**	259,344
		2,893,440	2,129,502
Net current assets		**5,598,256**	4,200,867
Total assets less current liabilities		**19,695,946**	18,532,250

	Note	2019 HK$'000	2018 HK$'000
Equity			
Share capital	32	**418,138**	418,138
Reserves	33	**11,684,014**	10,733,979
Shareholders' funds		**12,102,152**	11,152,117
Non-controlling interests		**1,687,625**	1,746,944
Total equity		**13,789,777**	12,899,061
Non-current liabilities			
Long-term bank borrowings	34	**5,349,668**	5,187,380
Deferred taxation liabilities	35	**494,896**	351,627
Loans and payables with non-controlling interests	36	**24,879**	29,905
Other non-current liabilities		**36,726**	64,277
		5,906,169	5,633,189
		19,695,946	18,532,250

Albert Chuang Ka Pun
Director

Richard Hung Ting Ho
Director

The notes on pages 135 to 236 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 used in operations	39(a)	**(211,902)**	(893,493)
Interest paid		**(196,982)**	(135,763)
Tax paid		**(50,860)**	(4,278)
Net cash used in operating activities		**(459,744)**	(1,033,534)
Cash flows from investing activities			
Interest income received		**30,961**	20,730
Dividend income received from financial assets at fair value through other comprehensive income and an associated company		**5,024**	–
Dividend income received from available-for-sale financial assets and an associated company		**–**	5,158
Purchase of property, plant and equipment		**(18,518)**	(19,104)
Additions to investment properties		**(89,376)**	(74,448)
Acquisition of property businesses	39(c)(v) and (vi)	**–**	(372,105)
Proceeds from disposal of property, plant and equipment		**103**	5,428
Purchase of available-for-sale financial assets		**–**	(71,557)
Net proceeds from disposal of available-for-sale financial assets		**–**	6,709
Settlement of deferred consideration	39(c)(iv)	**–**	(66,905)
Proceeds from disposal of subsidiaries, net of cash and bank balances disposed of	39(c)(i) and (iii)	**1,293,640**	742,957
Decrease in loans receivable and amount due from associated companies, net		**741**	3,397
Increase in investments in and amounts due from joint ventures		**(18,151)**	(288,176)
Decrease in bank deposits maturing more than three months from date of placement		**1,940**	297
Net cash from/(used in) investing activities		**1,206,364**	(107,619)
Cash flows from financing activities			
New bank borrowings	39(d)	**2,209,725**	724,920
Repayment of bank borrowings	39(d)	**(1,270,095)**	(464,006)
Dividends paid to shareholders		**(142,167)**	(134,176)
Dividends paid to non-controlling interests		**(32,300)**	(64,466)
Repurchase of shares		**–**	(8,811)
Loans from non-controlling interests and decrease in amount due to a non-controlling interest, net	39(d)	**3,779**	4,670
Acquisition of loan from a non-controlling interest	39(d)	**–**	(21,822)
Increase of interests in subsidiaries		**–**	(60,609)
Net cash from/(used in) financing activities		**768,942**	(24,300)
Net increase/(decrease) in cash and cash equivalents		**1,515,562**	(1,165,453)
Cash and cash equivalents at the beginning of the year		**1,984,130**	3,136,224
Exchange difference on cash and cash equivalents		**(9,704)**	13,359
Cash and cash equivalents at the end of the year	39(b)	**3,489,988**	1,984,130

The notes on pages 135 to 236 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

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 1 April 2017	419,298	1,194,797	8,174,336	9,788,431	1,955,529	11,743,960
Profit for the year	–	–	1,297,145	1,297,145	111,906	1,409,051
Other comprehensive income:						
Net exchange differences	–	168,808	–	168,808	101,985	270,793
Share of exchange reserve of a joint venture	–	5,447	–	5,447	5,109	10,556
Realization of exchange reserves upon disposal of subsidiaries	–	(3,150)	–	(3,150)	(1,644)	(4,794)
Change in fair value of available-for-sale financial assets	–	(38,411)	–	(38,411)	(25,195)	(63,606)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	–	(576)	–	(576)	(39)	(615)
Fair value gain on transfer of properties from property, plant and equipment and leasehold lands and land use rights to investment properties, net of deferred taxes	–	14,265	–	14,265	4,666	18,931
Total comprehensive income for the year	–	146,383	1,297,145	1,443,528	196,788	1,640,316
Transfer of capital reserve upon disposal of subsidiaries	–	(3,582)	3,582	–	–	–
Transactions with owners:						
2017 special dividend paid	–	–	(33,544)	(33,544)	–	(33,544)
2017 final dividend paid	–	–	(50,316)	(50,316)	–	(50,316)
2018 interim dividend paid	–	–	(50,316)	(50,316)	–	(50,316)
Dividends paid to non-controlling interests	–	–	–	–	(64,466)	(64,466)
Repurchase of shares	(1,160)	(7,651)	–	(8,811)	–	(8,811)
Increase of interests in subsidiaries	–	–	63,145	63,145	(123,654)	(60,509)
Disposal of subsidiaries	–	–	–	–	(217,253)	(217,253)
At 31 March 2018	418,138	1,329,947	9,404,032	11,152,117	1,746,944	12,899,061

	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 2018	418,138	1,329,947	9,404,032	11,152,117	1,746,944	12,899,061
Adjustment on the adoption of HKFRS 9 *(note 2(a)(iii))*	–	(2,743)	2,743	–	–	–
Restated at 1 April 2018	418,138	1,327,204	9,406,775	11,152,117	1,746,944	12,899,061
Profit for the year	–	–	1,226,643	1,226,643	66,025	1,292,668
Other comprehensive income:						
Net exchange differences	–	(104,637)	–	(104,637)	(72,561)	(177,198)
Share of exchange reserve of a joint venture	–	(5,183)	–	(5,183)	(4,860)	(10,043)
Change in fair value of financial assets at fair value through other comprehensive income	–	(24,432)	–	(24,432)	(15,812)	(40,244)
Total comprehensive (loss)/income for the year	–	(134,252)	1,226,643	1,092,391	(27,208)	1,065,183
Transactions with owners:						
2018 final dividend paid	–	–	(83,628)	(83,628)	–	(83,628)
2019 interim dividend paid	–	–	(58,539)	(58,539)	–	(58,539)
Dividends paid to non-controlling interests	–	–	–	–	(32,300)	(32,300)
Increase of interest in a subsidiary	–	–	(189)	(189)	189	–
At 31 March 2019	**418,138**	**1,192,952**	**10,491,062**	**12,102,152**	**1,687,625**	**13,789,777**

The notes on pages 135 to 236 are an integral part of the consolidated financial statements.

1. General information

Chuang's Consortium International 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.

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, manufacturing, sales and trading of goods and merchandises, securities investment and trading and money lending business.

2. Summary of significant accounting policies

The significant accounting policies adopted for the preparation of the 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.

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

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)

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.

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)

HKFRS 16 "Leases" (continued)

At 31 March 2019, the Group had operating lease commitments of about HK$27.3 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(iii) Changes in accounting policies (continued)

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	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Investment revaluation reserve	Retained profits
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Opening balance					
– HKAS 39	240,251	–	1,944,414	32,947	9,404,032
Reclassifications	(240,251)	172,525	67,726	(2,743)	2,743
Opening balance					
– HKFRS 9	–	172,525	2,012,140	30,204	9,406,775

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$'000	Effect of adoption of HKFRS 9 HK$'000	As reported HK$'000
Available-for-sale financial assets	196,046	(196,046)	–
Financial assets at fair value through other comprehensive income	–	131,570	131,570
Financial assets at fair value through profit or loss	2,081,623	64,476	2,146,099
Investment revaluation reserve	8,515	(2,743)	5,772
Retained profits	10,488,319	2,743	10,491,062

The adoption of HKFRS 9 has no material impact to 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 to 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 value or the present ownership interests' 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 interest in the joint venture (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 exceeds the carrying amounts in the consolidated financial statements of the investee's net assets including goodwill.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

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	6.7% to 33.3%
Furniture and fixtures	10% to 66.7%
Other assets	10% to 33.3%

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.

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 for 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.

2. Summary of significant accounting policies (continued)

(i) Investment properties (continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investment properties (continued)

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. Investment properties under development are reclassified as assets of disposal group held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable.

(j) Leasehold lands and land use rights

Leasehold lands and land use rights represent non-refundable rental payments for lease of land. The up-front prepayments made for leasehold lands and 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 leasehold lands and 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 leasehold lands and land use rights recorded under properties for sale.

2. Summary of significant accounting policies (continued)

(k) Cemetery assets

Cost of cemetery assets comprises the leasehold lands and 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 the lower of cost and net realizable value. Costs include leasehold lands and 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 leasehold lands and 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.

2. Summary of significant accounting policies (continued)

(n) Financial assets (continued)

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

(i) Classification (continued)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial assets (continued)

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

(iii) Measurement (continued)

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.

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.

2. Summary of significant accounting policies (continued)

(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 joint ventures. 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.

(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 home finishing products, merchandises and hotel consumables, are stated at the lower of cost and net realizable value. Cost is calculated on the first-in first-out basis or specific identification basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 purposes 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 under 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.

(x) Current and deferred taxation

The tax expenses for the year comprise current and deferred tax. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Current and deferred taxation (continued)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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

(iii) Income from hotel operation and management is recognized when the services are rendered.

(iv) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Revenue and income recognition (continued)

(v) 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.

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

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

(viii) 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.

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

(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 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.

2. Summary of significant accounting policies (continued)

(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.

(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 of Directors (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 profit or loss and financial assets at fair value through other comprehensive income) 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 28.

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 and amounts due from associated companies and joint ventures 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 and amounts due from associated companies and joint ventures 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$3,344 million (2018: HK$1,827 million), HK$140 million (2018: HK$151 million) and HK$8 million (2018: HK$10 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. Sales of hotel rooms are made either in cash, via credit cards or to customers with appropriate credit history.

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 ventures 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 38).

(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 34.

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 38) 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	**372,714**	**–**	**–**	**–**	**372,714**
Bank borrowings	**2,172,262**	**980,455**	**4,706,936**	**–**	**7,859,653**
Loans and payables with non-controlling interests	**–**	**–**	**–**	**24,879**	**24,879**
Other non-current liabilities	**–**	**–**	**–**	**36,726**	**36,726**
	2,544,976	**980,455**	**4,706,936**	**61,605**	**8,293,972**
2018					
Creditors and accruals	631,869	–	–	–	631,869
Bank borrowings	1,382,470	660,343	4,833,161	–	6,875,974
Loans and payables with non-controlling interests	–	–	–	29,905	29,905
Other non-current liabilities	–	–	–	64,277	64,277
	2,014,339	660,343	4,833,161	94,182	7,602,025

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 mainly arises from interest-bearing loans and receivables, bank deposits, bank borrowings and 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$19,879,000 (2018: HK$16,286,000).

(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, Singapore, Malaysia, Vietnam, Mongolia, Taiwan and Philippines. 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	**104,081**	97,221	**3,639**	5,141

(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 at 31 March 2019 is 13.8% (2018: 22.3%).

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 17.

	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 securities and bonds	**2,081,623**	**–**	**2,081,623**
– Unlisted investments	**–**	**64,476**	**64,476**
	2,081,623	**64,476**	**2,146,099**
Total assets	**2,201,519**	**76,150**	**2,277,669**
2018			
Assets			
Available-for-sale financial assets			
– Listed securities	160,140	–	160,140
– Unlisted investments	–	80,111	80,111
	160,140	80,111	240,251
Financial assets at fair value through profit or loss			
– Listed securities and bonds	1,944,414	–	1,944,414
Total assets	2,104,554	80,111	2,184,665

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 securities and bonds).

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-sales 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	**–**	**–**	20,793
Reclassification upon the adoption of HKFRS 9 *(note 2(a)(iii))*	**12,385**	**67,726**	–
Additions	**–**	**200**	62,224
Disposals	**–**	**(1,088)**	(4,531)
Changes in fair value recognized in consolidated income statement	**–**	**978**	–
Changes in fair value recognized in other comprehensive income	**–**	**–**	520
Changes in exchange rates	**(711)**	**(3,340)**	1,105
At 31 March	**11,674**	**64,476**	80,111

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 17.

(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.

In addition, in making the judgment to determine whether an investment property under development was qualified as asset of disposal group held for sale, the Group considered whether the sale transaction was highly probable (i.e. the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification).

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 several transactions during the years ended 31 March 2019 and 2018. The Group assessed the acquisition in accordance with HKFRS and concluded that the acquisition constitutes a business combination. 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 AND NET GAIN

Revenues and net gain recognized during the year are as follows:

	2019	2018
	HK$'000	HK$'000
Revenues		
Sales of properties	**71,469**	78,172
Rental income and management fees	**230,143**	211,465
Income from hotel operation and management	**99,244**	87,325
Sales of cemetery assets	**14,383**	16,038
Sales of goods and merchandises	**59,802**	217,128
Interest income from money lending business	**7,774**	7,835
Interest income from bonds investments of financial assets at fair value through profit or loss	**133,227**	108,454
Dividend income from securities investments for trading of financial assets at fair value through profit or loss	**1,108**	2,728
	617,150	729,145
Net gain		
Net realized gain of securities investments for trading of financial assets at fair value through profit or loss	**2,423**	26,489
Net fair value loss of securities investments for trading of financial assets at fair value through profit or loss	**(335)**	(471)
	2,088	26,018
Revenues and net gain	**619,238**	755,163

Comparative figures have been reclassified to conform with current year's presentation: a reclassification of net realized gain and net fair value loss of bonds investments of financial assets at fair value through profit or loss of HK$6,116,000 and HK$30,461,000 respectively from "Revenues and net gain" to "Other income and net 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, hotel operation and management, development and operation of cemetery, sales of goods and merchandises, securities investment and trading and money lending business. The CODM assesses the performance of the operating segments based on the measure of earning/(loss) before interest, tax, depreciation and amortization (the "EBITDA/(LBITDA)") and 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$'000	Hotel operation and management HK$'000	Cemetery HK$'000	Sales of goods and merchandises HK$'000 (Note)	Securities investment and trading HK$'000 (Note 5)	Money lending business HK$'000	Corporate HK$'000	2019 Total HK$'000
Revenues and net gain from contracts with customers:								
— Recognized at a point in time	71,469	–	14,383	59,802	–	–	–	145,654
— Recognized over time	10,887	99,244	–	–	–	–	–	110,131
Revenues and net gain from other sources	219,256	–	–	–	136,423	7,774	–	363,453
Revenues and net gain	301,612	99,244	14,383	59,802	136,423	7,774	–	619,238
Other income and net gain/(loss)	11,937	–	155	5,365	(9,985)	–	36,902	44,374
EBITDA/(LBITDA)	1,740,036	44,799	563	(2,591)	124,603	5,117	(267,941)	1,644,586
Operating profit/(loss)	1,709,286	(25,905)	(297)	(5,425)	124,603	5,117	(277,251)	1,530,128
Finance costs	(164,598)	(18,734)	–	(562)	(871)	–	–	(184,765)
Share of results of associated companies	79	4,493	–	–	–	–	(1,999)	2,573
Share of results of joint ventures	23,944	–	–	–	–	–	–	23,944
Profit/(loss) before taxation	1,568,711	(40,146)	(297)	(5,987)	123,732	5,117	(279,250)	1,371,880
Taxation (charge)/credit	(108,994)	29,534	357	–	(109)	–	–	(79,212)
Profit/(loss) for the year	1,459,717	(10,612)	60	(5,987)	123,623	5,117	(279,250)	1,292,668
Segment assets	14,205,673	1,161,493	769,980	175,192	2,146,420	173,772	3,148,254	21,780,784
Associated companies	152	53,399	–	–	–	–	15,723	69,274
Joint ventures	739,328	–	–	–	–	–	–	739,328
Total assets	14,945,153	1,214,892	769,980	175,192	2,146,420	173,772	3,163,977	22,589,386
Total liabilities	7,621,331	656,443	189,337	13,495	282,584	460	35,959	8,799,609
Other segment items are as follows:								
Capital expenditure	949,647	1,604	16,689	1,337	–	–	2,022	971,299
Depreciation	6,727	27,288	801	2,505	–	–	11,309	48,630
Amortization of leasehold lands and land use rights	–	38,923	59	329	–	–	–	39,311
Reversal of provision for impairment of properties for/under development	(759)	–	–	–	–	–	–	(759)
Reversal of provision for impairment of properties for sale	(8,877)	–	–	–	–	–	–	(8,877)
Reversal of provision for impairment of trade debtors	–	–	(1,885)	–	–	–	–	(1,885)
Provision for impairment of trade debtors	473	–	–	–	–	–	–	473
Fair value gain on transfer of properties from properties for sale to investment properties	(6,349)	–	–	–	–	–	–	(6,349)
Gain on disposal of subsidiaries	(461,208)	–	–	–	–	–	–	(461,208)
Change in fair value of investment properties	(1,108,170)	–	–	–	–	–	–	(1,108,170)

6. SEGMENT INFORMATION (continued)

(a) Segment information by business lines (continued)

	Property development, investment and trading HK$'000	Hotel operation and management HK$'000	Cemetery HK$'000	Sales of goods and merchandises HK$'000 *(Note)*	Securities investment and trading HK$'000 *(Note 5)*	Money lending business HK$'000	Corporate HK$'000	2018 Total HK$'000
Revenues and net gain	289,637	87,325	16,038	217,128	137,200	7,835	–	755,163
Other income and net gain/(loss)	24,151	–	(1,819)	9,134	(24,648)	–	34,604	41,422
EBITDA/(LBITDA)	1,451,004	35,455	(628)	10,150	111,292	5,642	139,952	1,752,867
Operating profit/(loss)	1,438,054	(35,514)	(1,501)	(2,167)	111,292	5,642	130,592	1,646,398
Finance costs	(108,376)	(14,728)	(534)	(1,273)	–	–	–	(124,911)
Share of results of associated companies	73	3,445	–	–	–	–	(2,199)	1,319
Share of results of joint ventures	10,256	–	–	–	–	–	–	10,256
Profit/(loss) before taxation	1,340,007	(46,797)	(2,035)	(3,440)	111,292	5,642	128,393	1,533,062
Taxation (charge)/credit	(124,793)	(103)	885	–	–	–	–	(124,011)
Profit/(loss) for the year	1,215,214	(46,900)	(1,150)	(3,440)	111,292	5,642	128,393	1,409,051
Segment assets	13,453,669	1,201,779	813,311	180,435	1,945,069	156,271	2,134,082	19,884,616
Associated companies	173	48,906	–	–	–	–	17,594	66,673
Joint ventures	710,463	–	–	–	–	–	–	710,463
Total assets	14,164,305	1,250,685	813,311	180,435	1,945,069	156,271	2,151,676	20,661,752
Total liabilities	6,795,113	680,062	230,865	11,370	5,053	–	40,228	7,762,691
Other segment items are as follows:								
Capital expenditure	1,091,561	313	288	7,512	–	–	870	1,100,544
Depreciation	2,605	27,988	813	11,841	–	–	11,559	54,806
Amortization of leasehold lands and land use rights	16	39,536	60	476	–	–	–	40,088
Provision for impairment of trade debtors	163	–	–	–	–	–	–	163
Reversal of provision for impairment of properties for sale	(7,955)	–	–	–	–	–	–	(7,955)
Reversal of provision for impairment of inventories	–	–	–	(192)	–	–	–	(192)
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	(481,779)	–	–	–	–	–	–	(481,779)
Gain on disposal of subsidiaries	–	–	–	–	–	–	(363,156)	(363,156)
Change in fair value of investment properties	(822,925)	–	–	–	–	–	–	(822,925)

Note: *Revenues and net gain for the year ended 31 March 2018 included sales of goods and merchandises from Midas International Holdings Limited ("Midas") (a listed subsidiary of the Group before its disposal, subsequently changed its name to Magnus Concordia Group Limited) which was disposed of by the Group on 19 December 2017.*

6. SEGMENT INFORMATION (continued)

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues and net gain 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 and net gain		Capital expenditure	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**393,417**	402,982	**417,281**	944,686
The PRC	**102,950**	93,944	**485,356**	111,633
United Kingdom	**42,710**	53,785	**–**	–
Other countries	**80,161**	204,452	**68,662**	44,225
	619,238	755,163	**971,299**	1,100,544

	Non-current assets *(Note)*		Total assets	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**9,386,579**	10,071,004	**16,473,816**	15,196,149
The PRC	**2,558,678**	2,094,461	**3,958,204**	3,345,618
United Kingdom	**1,063,920**	1,082,655	**1,075,077**	1,097,221
Other countries	**540,508**	694,883	**1,082,289**	1,022,764
	13,549,685	13,943,003	**22,589,386**	20,661,752

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), loans and receivables and other deposits, and deferred taxation assets.

7. Other income and net gain

	2019 **HK$'000**	2018 HK$'000
Interest income from bank deposits	**33,192**	20,404
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	**–**	2,612
Net realized (loss)/gain of bonds and other investments of financial assets at fair value through profit or loss *(note 5)*	**(7,617)**	6,116
Net fair value loss of bonds and other investments of financial assets at fair value through profit or loss *(note 5)*	**(3,440)**	(30,461)
Negative goodwill on acquisition of property businesses, net of transaction costs *(note a)*	**–**	(3,413)
Gain on settlement of deferred consideration *(note b)*	**–**	17,197
Reversal of provision for impairment of properties for/under development	**759**	–
Reversal of provision for impairment of properties for sale	**8,877**	7,955
Net gain on disposal of property, plant and equipment	**39**	3,124
Sales of scraped materials	**–**	1,604
Net exchange (loss)/gain	**(820)**	4,225
Sundries	**8,460**	7,001
	44,374	41,422

Notes:

(a) (i) In April 2017, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party to acquire a property (for commercial and industrial use) in Hong Kong at a consideration of HK$301.2 million (the "Building Acquisition"). The transaction was announced by the Company on 12 April 2017 and was completed on 31 July 2017. The property was recorded as an investment property (note 17) and after netting of transaction costs of HK$28.8 million, no negative goodwill on acquisition of the property business was recognized upon completion. Details of the Building Acquisition are shown in note 39(c)(v).

(ii) In April 2017, a non-wholly-owned subsidiary of the Group at that time entered into a sale and purchase agreement with an independent third party to acquire a property (for commercial use) in Hong Kong at a consideration of HK$40 million (the "Shop Acquisition"). The transaction was completed on 17 May 2017 and the property was recorded as an investment property (note 17). Since the consideration is equal to the fair value of the property business, except for the transaction costs of HK$3.4 million, no goodwill was recorded on acquisition of the property business upon completion. Details of the Shop Acquisition are shown in note 39(c)(vi).

7. Other income and net gain (continued)

Notes: (continued)

(b) *In accordance with the terms and conditions of the sale and purchase agreement entered into by Chuang's China Investments Limited ("Chuang's China") (a listed subsidiary of the Group) and Midas for the group restructuring whereby the cemetery business was transferred from Midas to Chuang's China (the "Restructuring", and was announced by the Company on 22 January 2017 and published in the circular of Chuang's China and Midas on 8 March 2017 respectively), on 8 March 2018 (after disposal of Midas as set out in note 8(a)), the Chuang's China 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 Chuang's China on 8 March 2018. The Chuang's China 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 31(a)(v)(a)). 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 13) respectively. Details of the Changsha Disposal are shown in note 39(c)(iv).*

8. Gain on disposal of subsidiaries

(a) On 15 December 2017, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with independent third parties to dispose of its entire 60.8% interest in Midas (including the deferred consideration as set out in note 7(b)) at a consideration of approximately HK$789.3 million (the "Midas Disposal"). The Midas Disposal was announced by the Company on 15 December 2017 and published in the circular on 5 January 2018 respectively. The transaction was completed on 19 December 2017, and a gain on disposal of subsidiaries of the Midas Disposal was recorded in this note. Details of the Midas Disposal are shown in note 39(c)(iii).

(b) On 9 June 2016, a wholly-owned subsidiary of the Group entered into a conditional agreement with an independent third party (the "Buyer") for the disposal of its wholly-owned subsidiary which held an investment property under construction in Hong Kong at that time for a consideration of HK$2.1 billion (subject to adjustment) (the "HK Disposal"). The consideration would be satisfied as to approximately 80% by cash and as to approximately 20% by the transfer of a PRC property (the "PRC Property") to the Group. The HK Disposal was announced by the Company on 15 June 2016 and published in the circular on 20 July 2016 respectively. The PRC property was transferred to the Group in November 2018 (the "PRC Property Acquisition") and details of the transfer were announced by the Company on 20 November 2018. Details of the PRC Property Acquisition are shown in note 39(c)(ii).

On 26 November 2018, the Group entered into a supplemental agreement (the "Supplemental Agreement") with the Buyer to amend certain terms of the original agreement. According to the terms of the Supplemental Agreement, the Group is not required to carry out any internal decoration works after obtaining the occupation permit of the project and thus the consideration of the HK Disposal is reduced by HK$70 million accordingly. Details of the Supplemental Agreement were announced by the Company on 26 November 2018.

On 28 February 2019, the Group has received the balance of the consideration of about HK$980 million from the Buyer, and has completed the HK Disposal on the same date. Details of the completion was announced by the Company on 28 February 2019, and a gain on disposal of subsidiaries of the HK Disposal was recorded in this note. Details of the HK Disposal are shown in note 39(c)(i).

9. OPERATING PROFIT

	2019 HK$'000	2018 HK$'000
Operating profit is stated after crediting:		
Gross rental and other income from properties	**227,605**	209,172
Reversal of provision for impairment of trade debtors	**1,885**	–
Reversal of provision for impairment of inventories	**–**	192
and after charging:		
Cost of properties sold	**43,686**	49,584
Cost of cemetery assets sold	**3,192**	4,108
Cost of inventories sold	**41,523**	127,335
Depreciation	**48,630**	54,806
Amortization of leasehold lands and land use rights	**39,311**	40,088
Provision for impairment of trade debtors	**473**	163
Staff costs, including Directors' emoluments		
Wages and salaries	**158,063**	189,084
Retirement benefit costs *(note 10)*	**7,860**	8,082
Operating lease rental on land and buildings	**18,705**	18,546
Outgoings in respect of properties	**48,002**	51,610
Auditors' remuneration		
Audit and audit related services	**4,802**	5,805
Non-audit services	**1,680**	5,274

10. 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, Singapore, Malaysia, Vietnam and Mongolia 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 respective countries. 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.

11. FINANCE COSTS

	2019 **HK$'000**	2018 HK$'000
Interest expenses of		
Bank borrowings	**198,354**	138,025
Bank overdraft	**562**	651
Deferred consideration of the Restructuring	**–**	534
	198,916	139,210
Amounts capitalized into		
Investment properties	**(2,604)**	(2,773)
Properties under development	**(11,547)**	(11,526)
	(14,151)	(14,299)
	184,765	124,911

The capitalization rates applied to funds borrowed for the development of properties range from 3.63% to 8.08% (2018: 1.60% to 8.08%) per annum.

12. DIRECTORS', FIVE HIGHEST PAID INDIVIDUALS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

Name of Director	Fees (note i) HK$'000	Salaries (note ii) HK$'000	Other benefits (note ii) HK$'000	Retirement Scheme contributions (note ii) HK$'000	Total HK$'000
2019					
Mr. Alan Chuang Shaw Swee	**40**	**2,440**	**2,400**	**288**	**5,168**
Mr. Albert Chuang Ka Pun	**60**	**2,520**	**400**	**18**	**2,998**
Mr. Chong Ka Fung	**60**	**2,160**	**400**	**18**	**2,638**
Mr. Richard Hung Ting Ho	**30**	**1,950**	**–**	**15**	**1,995**
Mrs. Candy Kotewall Chuang Ka Wai	**30**	**1,560**	**600**	**18**	**2,208**
Mr. Geoffrey Chuang Ka Kam	**60**	**1,800**	**400**	**18**	**2,278**
Mr. Chan Chun Man	**30**	**2,278**	**–**	**18**	**2,326**
Mr. Abraham Shek Lai Him[3]	**450**	**–**	**–**	**–**	**450**
Mr. Fong Shing Kwong[3]	**150**	**–**	**–**	**–**	**150**
Mr. Yau Chi Ming[3]	**150**	**–**	**–**	**–**	**150**
Mr. David Chu Yu Lin[3]	**270**	**–**	**–**	**–**	**270**
Mr. Tony Tse Wai Chuen[3]	**150**	**–**	**–**	**–**	**150**
	1,480	**14,708**	**4,200**	**393**	**20,781**
2018					
Mr. Alan Chuang Shaw Swee	40	2,440	2,400	288	5,168
Mr. Albert Chuang Ka Pun[1]	60	1,680	400	18	2,158
Mr. Chong Ka Fung	60	1,440	400	18	1,918
Mr. Richard Hung Ting Ho[2]	55	2,476	–	24	2,555
Mrs. Candy Kotewall Chuang Ka Wai	47	1,200	300	18	1,565
Mr. Geoffrey Chuang Ka Kam[4]	10	157	52	2	221
Mr. Wong Chung Wai[5]	30	2,412	–	18	2,460
Mr. Chan Chun Man	30	1,979	–	18	2,027
Mr. Abraham Shek Lai Him[3]	517	–	–	–	517
Mr. Fong Shing Kwong[3]	150	–	–	–	150
Mr. Yau Chi Ming[3]	217	–	–	–	217
Mr. David Chu Yu Lin[3]	270	–	–	–	270
Mr. Tony Tse Wai Chuen[3]	150	–	–	–	150
	1,636	13,784	3,552	404	19,376

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

(a) Directors' emoluments (continued)

[1] *Appointed as the Vice Chairman on 6 October 2017*
[2] *Appointed as the Joint Chief Executive Officer/Joint Managing Director on 6 October 2017*
[3] *The Independent Non-Executive Directors*
[4] *Appointed on 13 February 2018*
[5] *Resigned on 23 March 2018*

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

(ii) The amounts represented emoluments paid or receivable in respect of 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 entities (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 by the Company to the Independent Non-Executive Directors of the Company amounted to HK$750,000 (2018: HK$750,000).

(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).

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

(c) Five highest paid individuals' emoluments

The five highest paid individuals in the Group include three (2018: two) Directors as at 31 March 2019. Details of the emoluments paid to the two (2018: three) individuals, whose emoluments were the five highest in the Group and who are not Directors as at 31 March 2019, are set out below:

	2019	2018
	HK$'000	HK$'000
Salaries and other benefits	**5,406**	7,908
Retirement scheme contributions	**196**	214
	5,602	8,122

The emoluments of the individuals fall within the following bands:

	Number of individuals	
Emolument bands	**2019**	2018
HK$2,500,001 to HK$3,000,000	**1**	2
HK$3,000,001 to HK$3,500,000	**1**	1
	2	3

(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	
Emoluments bands	**2019**	2018
HK$1,000,000 or below	**4**	4
HK$1,000,001 to HK$1,500,000	**4**	4
HK$1,500,001 to HK$2,000,000	**2**	1
	10	9

13. TAXATION

	2019	2018
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax	**–**	43
Overseas profits tax	**670**	820
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
Over-provision in previous years	**–**	(2,898)
Deferred taxation *(note 35)*	**53,022**	101,994
	79,212	124,011

No provision for Hong Kong profits tax has been made as the Group has sufficient tax losses brought forward to set off against the estimated assessable profits for the year (2018: Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits for that year). 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 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.

Share of taxation charge of associated companies for the year ended 31 March 2019 of HK$12,000 (2018: HK$22,000) is included in the consolidated income statement as "Share of results of associated companies". Share of deferred taxation charge of joint ventures 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 results of joint ventures".

13. 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	2018
	HK$'000	HK$'000
Profit before taxation	**1,371,880**	1,533,062
Share of results of associated companies	**(2,573)**	(1,319)
Share of results of joint ventures	**(23,944)**	(10,256)
	1,345,363	1,521,487
Tax charge at the rate of 16.5% (2018: 16.5%)	**221,985**	251,045
Effect of different taxation rates in other countries	**33,943**	30,898
Effect of change in taxation rate *(note)*	**8,471**	–
Income not subject to taxation	**(239,288)**	(222,425)
Expenses not deductible for taxation purposes	**18,401**	21,231
PRC land appreciation tax deductible for taxation purposes	**(4,994)**	(2,566)
Recognition of previously unrecognized tax losses	**(29,700)**	–
Utilization of previously unrecognized tax losses	**(7,280)**	(8,124)
Over-provision in previous years	**–**	(2,898)
Tax losses not recognized and others	**57,700**	46,587
	59,238	113,748
PRC land appreciation tax	**19,974**	10,263
Taxation	**79,212**	124,011

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.

14. Dividends

	2019 HK$'000	2018 HK$'000
Interim dividend of 3.5 HK cents (2018: 3.0 HK cents) per share	**58,539**	50,316
Proposed final dividend of 6.5 HK cents (2018: 5.0 HK cents) per share	**108,716**	83,628
	167,255	133,944

On 27 June 2019, the Board proposed a final dividend of 6.5 HK cents (2018: 5.0 HK cents) per share amounting to HK$108,716,000 (2018: HK$83,628,000). The amount is calculated based on 1,672,553,104 issued shares as at 27 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.

15. Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK$1,226,643,000 (2018: HK$1,297,145,000) and the weighted average number of 1,672,553,104 (2018: 1,676,071,263) 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.

16. 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	624,535	237,848	86,411	150,937	1,099,731
Changes in exchange rates	4,238	929	2,193	938	8,298
Additions	210	5,995	10,981	1,918	19,104
Transfer to investment properties *(note e)*	(24,561)	–	–	–	(24,561)
Disposals	(105)	(57,930)	(17,431)	(2,983)	(78,449)
Disposal of subsidiaries *(note 39(c)(iii))*	(42,220)	(184,395)	(15,745)	(2,574)	(244,934)
At 31 March 2018	562,097	2,447	66,409	148,236	779,189
Changes in exchange rates	(2,323)	(61)	(1,127)	(666)	(4,177)
Additions	–	–	16,466	2,052	18,518
Disposals	–	–	(86)	(5,390)	(5,476)
At 31 March 2019	**559,774**	**2,386**	**81,662**	**144,232**	**788,054**
Accumulated depreciation and provision for impairment					
At 1 April 2017	102,871	215,217	65,146	98,529	481,763
Changes in exchange rates	2,129	120	1,685	975	4,909
Charge for the year	25,843	7,898	7,740	13,325	54,806
Transfer to investment properties *(note e)*	(4,875)	–	–	–	(4,875)
Disposals	(105)	(57,399)	(16,545)	(2,096)	(76,145)
Disposal of subsidiaries *(note 39(c)(iii))*	(20,651)	(163,941)	(15,200)	(1,601)	(201,393)
At 31 March 2018	105,212	1,895	42,826	109,132	259,065
Changes in exchange rates	(931)	(55)	(865)	(601)	(2,452)
Charge for the year	23,961	86	12,060	12,523	48,630
Disposals	–	–	(86)	(5,326)	(5,412)
At 31 March 2019	**128,242**	**1,926**	**53,935**	**115,728**	**299,831**
Net book value					
At 31 March 2019	**431,532**	**460**	**27,727**	**28,504**	**488,223**
At 31 March 2018	456,885	552	23,583	39,104	520,124

16. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Buildings of the Group include hotel property. Other assets comprise computer equipment, motor vehicles and yachts.

(b) Buildings of the Group with net book value of HK$420,320,000 (2018: HK$444,152,000) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

(c) Buildings of the Group are located:

	2019 HK$'000	2018 HK$'000
In Hong Kong	**401,792**	424,076
Outside Hong Kong	**29,740**	32,809
	431,532	456,885

(d) Depreciation of HK$614,000 (2018: HK$8,336,000), HK$3,966,000 (2018: Nil) and HK$44,050,000 (2018: HK$46,470,000) have been included in cost of sales, selling and marketing expenses and administrative and other operating expenses, respectively.

(e) During the year ended 31 March 2018, upon the change of intended use of the commercial portion of the hotel property in Hong Kong and an administration building in the PRC and as a result of the early adoption of HKAS 40 (Amendment), the Group had then reclassified these properties from property, plant and equipment and leasehold lands and land use rights to investment properties at the aggregate fair value of approximately HK$61,905,000 (note 17). Accordingly, fair value gain on transfer of these properties, net of the related deferred taxation (note 35) and non-controlling interests, with a net amount of HK$14,265,000 was recorded in property, plant and equipment revaluation reserve (note 33) through other comprehensive income during the year ended 31 March 2018.

17. Investment properties

	Properties under development HK$'000	Completed properties HK$'000	Total HK$'000
At 1 April 2017	1,375,144	6,958,396	8,333,540
Changes in exchange rates	21,610	205,463	227,073
Additions	69,981	4,467	74,448
Interest expenses capitalized *(note 11)*	2,773	–	2,773
Acquisition of property businesses *(notes 39(c)(v) and (vi))*	–	370,000	370,000
Transfer from property, plant and equipment and leasehold lands and land use rights *(note 16(e))*	–	61,905	61,905
Transfer from properties for sale *(note 26(e))*	300,275	600,829	901,104
Disposal of subsidiaries *(note 39(c)(iii))*	–	(503,070)	(503,070)
Change in fair value	83,748	739,177	822,925
At 31 March 2018	1,853,531	8,437,167	10,290,698
Changes in exchange rates	(31,216)	(132,837)	(164,053)
Additions	83,661	5,715	89,376
Interest expenses capitalized *(note 11)*	2,604	–	2,604
Acquisition of a property business *(note 39(c)(ii))*	–	420,000	420,000
Transfer from properties for sale *(note 26(e))*	–	26,461	26,461
Reclassification *(note d)*	(1,491,852)	1,491,852	–
Disposal of subsidiaries *(notes d and 39(c)(i))*	–	(1,491,852)	(1,491,852)
Change in fair value	288,381	819,789	1,108,170
At 31 March 2019	**705,109**	**9,576,295**	**10,281,404**

17. INVESTMENT PROPERTIES (continued)

(a) Investment properties of the Group are located:

	2019 HK$'000	2018 HK$'000
In Hong Kong	**7,013,300**	7,708,300
Outside Hong Kong	**3,268,104**	2,582,398
	10,281,404	10,290,698

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

(c) Investment properties of HK$8,366,218,000 (2018: HK$8,452,167,000) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

(d) During the year ended 31 March 2019, the investment property of HK$1,491,852,000 (2018: Nil) was reclassified from investment property under development to completed investment property upon completion of the development. It had been subsequently disposed of through the HK Disposal (note 39(c)(i)).

(e) 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. Except for a completed property in Hong Kong which has future redevelopment potential (note 17(f)), for all other 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:

- verify all major inputs to the independent valuation reports;
- assess property valuations movements when compared to the prior year valuation reports; and
- hold discussions with the independent valuers.

17. INVESTMENT PROPERTIES (continued)

(f) Valuation techniques

Fair value of completed properties in Hong Kong, Taiwan, 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 and a completed property in Hong Kong and 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.

During the year ended 31 March 2019, except for a completed property in Hong Kong which the valuation technique is changed from direct comparison method to residual method to reflect the Group's intention for future redevelopment potential and a completed commercial property in the PRC which the valuation technique is changed from income capitalization method to direct comparison method to reflect the highest and best use of the property (2018: a completed commercial property in Malaysia which the valuation technique was changed from direct comparison method to income capitalization method upon the change of the independent professional property valuer after the transfer of the subsidiaries which held such property to Chuang's China in February 2018 (the "Malaysia Restructuring", as announced by the Company on 7 December 2017)), there were no changes to the valuation techniques.

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.

17. INVESTMENT PROPERTIES (continued)

(g) 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 for the completed properties in respective locations valued under income capitalization method:

	Hong Kong	Taiwan	The PRC	United Kingdom	Malaysia
2019					
Rental values used for (HK$/sq. ft./month):					
Commercial properties	**46–158**	**N/A**	**4–8**	**49**	**3–15**
Residential properties	**32–42**	**13**	**11**	**N/A**	**N/A**
Capitalization rates used for:					
Commercial properties	**2.4%–3.0%**	**N/A**	**3.5%–6.0%**	**4.0%**	**6.3%**
Residential properties	**2.6%**	**1.6%**	**2.0%**	**N/A**	**N/A**
2018					
Rental values used for (HK$/sq. ft./month):					
Commercial properties	45–155	N/A	2–7	47	7–14
Residential properties	34–42	14	13	N/A	N/A
Capitalization rates used for:					
Commercial properties	2.5%–3.0%	N/A	4.0%–6.0%	5.0%	6.3%
Residential properties	2.6%	1.6%	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 valued under residual method in Hong Kong and 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, the lower the fair value.

18. LEASEHOLD LANDS AND LAND USE RIGHTS

	2019	2018
	HK$'000	HK$'000
Leasehold lands and land use rights	**709,627**	749,279

(a) The interests in leasehold lands and land use rights represent prepaid operating lease payments.

(b) Leasehold lands and land use rights of the Group are located:

	2019	2018
	HK$'000	HK$'000
In Hong Kong	**701,474**	740,397
Outside Hong Kong	**8,153**	8,882
	709,627	749,279

(c) Leasehold lands and land use rights of HK$707,906,000 (2018: HK$747,370,000) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

(d) Amortization of HK$329,000 (2018: HK$329,000) and HK$38,982,000 (2018: HK$39,759,000) have been included in cost of sales and administrative and other operating expenses respectively.

(e) During the year ended 31 March 2018, leasehold lands and land use rights of HK$19,329,000 had been transferred to investment properties (note 16(e)).

19. Properties for/under development

	2019 HK$'000	2018 HK$'000
At the beginning of the year	**1,061,141**	593,071
Changes in exchange rates	**(8,544)**	13,279
Additions	**60,770**	454,791
Transfer to properties for sales *(note 26(a))*	**(134,831)**	–
Reversal of provision for impairment *(note 26(f))*	**759**	–
At the end of the year	**979,295**	1,061,141

(a) Properties for/under development of the Group are located:

	2019 HK$'000	2018 HK$'000
In Hong Kong	**832,801**	771,271
Outside Hong Kong	**146,494**	289,870
	979,295	1,061,141

(b) Properties for/under development of HK$690,931,000 (2018: HK$570,011,000) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

20. Cemetery assets

	2019 HK$'000	2018 HK$'000
Total cemetery assets	**734,477**	763,881
Current portion included in current assets	**(451,943)**	(219,256)
	282,534	544,625

As at 31 March 2019, cemetery assets classified as current assets amounting to approximately HK$450,021,000 (2018: HK$217,143,000) are expected to be realized after more than twelve months from the balance sheet date.

21. SUBSIDIARIES

Particulars of the principal subsidiaries which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 42 to the consolidated financial statements.

Set out below are the summarized consolidated financial information for the Chuang's China group, a listed subsidiary of the Group, that has non-controlling interest of 39.3% (2018: 39.3%) and is material to the Group.

Summarized consolidated balance sheet as at 31 March 2019 and 2018:

	(Note) **2019** **HK$'000**	2018 HK$'000
Current		
Assets	**3,473,671**	2,900,898
Liabilities	**(1,868,592)**	(911,148)
Total current net assets	**1,605,079**	1,989,750
Non-current		
Assets	**3,930,601**	3,829,676
Liabilities	**(1,429,066)**	(1,574,582)
Total non-current net assets	**2,501,535**	2,255,094
Net assets	**4,106,614**	4,244,844

Summarized consolidated income statement for the years ended 31 March 2019 and 2018:

	(Note) **2019** **HK$'000**	2018 HK$'000
Revenues	**199,816**	174,284
Profit before taxation	**277,482**	368,741
Taxation charge	**(107,737)**	(88,730)
Profit for the year	**169,745**	280,011
Other comprehensive (loss)/income	**(225,765)**	183,737
Total comprehensive (loss)/income	**(56,020)**	463,748#
Total comprehensive (loss)/income attributable to non-controlling interests	**(4,796)**	14,637

Excluded the negative goodwill arising from the Malaysia Restructuring.

Note: *The summarized consolidated financial information of the Chuang's China group included the fair value adjusted amounts for the identifiable assets acquired and liabilities assumed by the Group for the cemetery business (after the Restructuring as mentioned in note 7(b)) when the Group started to consolidate the cemetery business in 2011 since Midas became a subsidiary of the Group after its rights issue (formerly an associated company of the Group).*

21. SUBSIDIARIES (continued)

Summarized consolidated cash flow statements for the years ended 31 March 2019 and 2018:

	2019 HK$'000	2018 HK$'000
Cash flows from operating activities		
Cash from/(used in) operations	**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)
Net cash used in investing activities	**(38,636)**	(329,523)
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	**919,000**	520,803

The information above is the amount before inter-company eliminations.

22. ASSOCIATED COMPANIES

	2019 HK$'000	2018 HK$'000
Share of net assets	**50,814**	48,341
Loans receivable	**18,460**	18,332
	69,274	66,673
Unlisted investments, at cost, net	**43,119**	43,119

22. ASSOCIATED COMPANIES (continued)

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

	2019 HK$'000	2018 HK$'000
At the beginning of the year	**66,673**	67,610
Increase/(decrease) in loans receivable	**128**	(2,156)
Share of profit before taxation	**2,585**	1,341
Share of taxation charge	**(12)**	(22)
Share of results	**2,573**	1,319
Dividend income received	**(100)**	(100)
At the end of the year	**69,274**	66,673

Loans receivable from associated companies are unsecured, interest free and not receivable within the next twelve months from the balance sheet date.

Particulars of the principal associated companies which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 43 to the consolidated financial statements.

There is no single associated company material to the Group.

23. JOINT VENTURES

	2019 HK$'000	2018 HK$'000
Share of net assets	**313,571**	299,670
Amounts due from joint ventures	**425,757**	410,793
	739,328	710,463

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

	2019 HK$'000	2018 HK$'000
At the beginning of the year	**710,463**	401,475
Increase in amounts due from joint ventures, net *(note)*	**18,151**	288,176
Change in exchange rate for amounts due from joint ventures	**(3,187)**	–
Share of results	**23,944**	10,256
Share of exchange reserve	**(10,043)**	10,556
At the end of the year	**739,328**	710,463

Note: During the year ended 31 March 2018, the Group had formed a joint venture with an independent third party in Hong Kong. The principal activities of the joint venture are property development and investment in Hong Kong. The capital injection by the Group for its portion was HK$4. The Group had made advance to the joint venture in the amount of approximately HK$326.6 million on a pro rata basis during the year ended 31 March 2018 for the acquisition of leasehold land and land use right in Hong Kong and the financing of such property project. Such advance is unsecured, interest free and not receivable within the next twelve months from the balance sheet date. The Group has continued to make advance to the joint venture in 2019 on a pro rata basis for the financing of the property project.

23. JOINT VENTURES (continued)

Particulars of the principal joint ventures which, in the opinion of the Directors, materially affects the results or net assets of the Group are set out below:

Name	Place of incorporation/ operation	Registered capital/ issued capital	Interest held by the Group 2019	2018	Principal activities
Ample Excellent Limited	Hong Kong	HK$2 with 2 shares	**50.0%**	50.0%	Property development and investment
Top Harmony Development Limited	Hong Kong	HK$10 with 10 shares	**40.0%**	40.0%	Property development and investment
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 36.1% for 2019 (2018: 36.1%)**)**		

Share of results of joint ventures of HK$23,944,000 (2018: HK$10,256,000) in the consolidated income statement included the share of fair value gain of the investment properties (net of the related deferred taxation) of a joint venture of HK$7,953,000 (2018: HK$5,873,000). As at 31 March 2019, the rental values (per sq. ft. per month) and capitalization rates used in the income capitalization method for the valuation of investment properties held by a joint venture ranged from approximately HK$12 to HK$21 (2018: HK$12 to HK$21) 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 17.

Amounts due from joint ventures are 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 Chuang's China 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 Chuang's China on 30 April 2018.

23. Joint ventures (continued)

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 results of joint ventures" in the consolidated income statement.

As at 31 March 2019, the Group's commitments in the joint ventures were HK$39,665,000 (2018: HK$15,972,000).

As at 31 March 2019, the Company had provided guarantees of HK$391,443,000 (2018: HK$382,563,000) for the banking facilities granted to joint ventures.

There is no single joint venture material to the Group.

24. 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$67,726,000).

	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**	80,111
	131,570	240,251

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

(a) The movements of 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	**–**	235,907
Reclassification from available-for-sale financial assets *(note 2(a)(iii))*	**172,525**	–
Changes in exchange rates	**(711)**	1,105
Additions	**–**	71,557
Disposals	**–**	(4,712)
Change in fair value recognized in other comprehensive income	**(40,244)**	(63,606)
At 31 March	**131,570**	240,251

(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 interests in various companies with investments in various long-term projects.

25. LOANS AND RECEIVABLES AND OTHER DEPOSITS

	2019 HK$'000	2018 HK$'000
Loans receivable *(note a)*	**174,514**	155,614
Loans to the joint venture partner *(note b)*	**11,732**	12,447
Other deposits *(note c)*	**221,097**	–
	407,343	168,061
Current portion of loans receivable included in debtors and prepayments *(note 28)*	**(20,608)**	(19,932)
Loans and receivables and other deposits	**386,735**	148,129

(a) Loans receivable include a mortgage loan with carrying amount of HK$125,327,000 (2018: HK$137,976,000) provided to an independent third party to purchase the Group's property in Hong Kong amounting to HK$220,000,000 during the year ended 31 March 2016 at the prevailing market rate. The mortgage loan is secured by the aforesaid property and details of the mortgage loan were announced by the Company on 24 March 2016.

Loans receivable also include other mortgage loans with aggregate carrying amount of HK$47,187,000 (2018: HK$15,638,000) provided to independent third parties to purchase properties in Hong Kong and a loan with carrying amount of HK$2,000,000 (2018: HK$2,000,000) to another independent third party in Hong Kong at the prevailing market rates. The mortgage loans are secured by the aforesaid properties and the remaining loan is secured by the guarantees from independent third parties.

(b) Loans to the joint venture partner are provided for financing the property project in the PRC and carry interests 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.

(c) Other deposits include deposits paid for acquisition of leasehold lands and land use rights and other assets, in which deposits of HK$194,732,000 (2018: Nil) are reclassified from debtors and prepayments (note 28) as at 31 March 2019 after further assessment on the project's operating cycle.

26. Properties for sale

	2019 HK$'000	2018 HK$'000
Completed properties *(notes d, e and f)*	**482,067**	440,824
Properties for/under development *(notes a, e, f and g)*	**1,600,682**	1,208,233
	2,082,749	1,649,057

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

	2019 HK$'000	2018 HK$'000
At the beginning of the year	**1,208,233**	1,261,632
Changes in exchange rates	**(18,129)**	47,675
Property development expenditure	**274,149**	162,638
Interest expenses capitalized *(note 11)*	**11,547**	11,526
Transfer from non-current properties for/under development *(note 19)*	**134,831**	–
Transfer to completed properties	**(17,829)**	(5,913)
Transfer to investment properties *(notes e and 17)*	**–**	(277,280)
Reversal of provision for impairment *(note f)*	**7,880**	7,955
At the end of the year	**1,600,682**	1,208,233

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

	2019 HK$'000	2018 HK$'000
In Hong Kong	**1,118,712**	830,114
Outside Hong Kong	**964,037**	818,943
	2,082,749	1,649,057

(c) Properties for sale of HK$1,035,146,000 (2018: HK$824,201,000) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

(d) During the year ended 31 March 2018, completed properties for sale of HK$33,030,000 had been disposed of through the Changsha Disposal (note 39(c)(iv)).

26. 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$142,045,000 and properties for/under development of HK$277,280,000) in the PRC (2018: Hong Kong, the PRC and Taiwan) from properties for sale to investment properties at aggregate fair value of HK$26,461,000 (2018: HK$901,104,000) (note 17). Fair value gain on transfer of these properties of HK$6,349,000 (2018: HK$481,779,000) and the related deferred taxation of HK$1,587,000 (2018: HK$99,987,000) were recorded respectively.

(f) In view of the respective market conditions, management performed impairment assessments on properties for/under development and properties for sale. Reversals of provision for impairment of HK$8,639,000 (2018: HK$7,955,000) and HK$997,000 (2018: Nil) were recorded for properties for/under development and completed properties respectively. The recoverable amounts were determined based on the valuation performed by VPC Alliance (KL) Sdn. Bhd., Colliers and C&W (2018: Colliers), independent professional property valuers.

(g) As at 31 March 2019, properties for/under development amounting to approximately HK$1,457,118,000 (2018: HK$1,208,233,000) are expected to be completed after more than twelve months from the balance sheet date.

27. Inventories

	2019 **HK$'000**	2018 HK$'000
Raw materials	**238**	164
Finished goods and merchandises	**139,056**	140,890
	139,294	141,054

28. Debtors and prepayments

	2019 **HK$'000**	2018 HK$'000
Trade debtors	**23,421**	23,766
Other debtors and prepayments	**112,374**	101,595
Utility and other deposits	**43,545**	262,874
	179,340	388,235

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 hotel income and sales of goods and merchandises mainly range from 30 days to 45 days and 30 days to 90 days respectively.

28. DEBTORS AND PREPAYMENTS (continued)

The aging analysis of the trade debtors of the Group is as follows:

	2019	2018
	HK$'000	HK$'000
Below 30 days	**12,480**	12,746
31 to 60 days	**611**	1,164
61 to 90 days	**476**	215
Over 90 days	**9,854**	9,641
	23,421	23,766

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	2018
	HK$'000	HK$'000
Below 30 days	**1,733**	2,245
31 to 60 days	**501**	476
61 to 90 days	**307**	53
Over 90 days	**9,772**	9,511
	12,313	12,285

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 an amount receivable from an associated company of HK$2,542,000 (2018: HK$3,411,000) which is unsecured, interest free and receivable on demand. Other debtors of the Group also include receivables of HK$20,608,000 (2018: HK$19,932,000) from the current portions of the mortgage loans and the loan to another independent third party in Hong Kong at prevailing market rates (note 25(a)).

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.

28. DEBTORS AND PREPAYMENTS (continued)

Other deposits of the Group include net deposits of HK$15,173,000 (2018: HK$232,608,000) for acquisition of property projects, properties and leasehold lands and land use rights after the accumulated provision for impairment of HK$128,479,000 (2018: HK$128,479,000) as at 31 March 2019 (see also note 25(c)).

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

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

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 **HK$'000**	2018 HK$'000
Listed securities	**2,145**	14,880
Listed bonds	**2,079,478**	1,929,534
Unlisted investments	**64,476**	–
	2,146,099	1,944,414

The balances of the listed securities are dominated in Hong Kong dollar, the balances of the listed bonds are denominated in United States dollar, and the balances of the unlisted investments are denominated in Renminbi and United States dollar.

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.

Financial assets at fair value through profit or loss of HK$328,019,000 (2018: HK$44,374,000) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

30. CASH AND BANK BALANCES

	2019 HK$'000	2018 HK$'000
Cash at bank and in hand	**688,054**	268,793
Short-term bank deposits	**2,804,217**	1,719,560
	3,492,271	1,988,353

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 sale, and the repayment of bank borrowings on these properties.

The effective interest rates on short-term bank 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 365 days (2018: 1 to 365 days).

Cash and bank balances are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
Hong Kong dollar	**3,223,797**	1,727,801
Renminbi	**141,657**	130,169
United States dollar	**83,236**	99,404
GBP	**35,622**	21,478
Others	**7,959**	9,501
	3,492,271	1,988,353

Cash and bank balances of approximately HK$140 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.

31. Creditors and accruals and sales deposits received

(a) Creditors and accruals

	2019 HK$'000	2018 HK$'000
Trade creditors *(note (i))*	**10,367**	14,657
Other creditors and accrued expenses *(note (ii))*	**253,383**	204,263
Amounts payable to non-controlling interests *(note (iii))*	**10,594**	1,823
Deposits received for the disposal of a subsidiary *(note (iv))*	**–**	315,000
Provision for tax indemnities and rental guarantee *(note (v))*	**45,600**	46,951
Tenant and other deposits	**52,770**	49,175
	372,714	631,869

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

	2019 HK$'000	2018 HK$'000
Below 30 days	**3,473**	7,799
31 to 60 days	**425**	3,167
Over 60 days	**6,469**	3,691
	10,367	14,657

(ii) Other creditors and accrued expenses of the Group include the construction cost payables and accruals of HK$144,830,000 (2018: HK$102,808,000) for the property and cemetery projects of the Group.

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

(iv) The balance represented the deposits received for the HK Disposal as mentioned in note 8(b).

31. CREDITORS AND ACCRUALS AND SALES DEPOSITS RECEIVED (continued)

(a) Creditors and accruals (continued)

(v) (a) In accordance with the terms and conditions of the sale and purchase agreement of the Restructuring relating to the Changsha Disposal as mentioned in note 7(b), the Chuang's China 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.

(b) In accordance with the terms and conditions of the sale and purchase agreement entered into by the Company and Midas on 6 July 2017 for the disposal of its wholly-owned subsidiaries which held investment properties in Hong Kong to Midas, the Group shall indemnify Midas (after the Midas Disposal as set out in note 8(a)) with the maximum amount of HK$37,658,000 (2018: HK$37,658,000) for any Hong Kong profits tax liabilities arising from the subsequent sales by Midas of those Hong Kong investment properties which were acquired by Midas from the Group on 24 August 2017. This provision represents the Group's estimated liabilities under this indemnity.

Furthermore, the Group has also provided a rental guarantee for one shop of these investment properties to Midas with the maximum amount of HK$2.16 million (2018: HK$2.16 million) for a period of 18 months from 24 August 2017. As at 31 March 2018, provision of HK$867,000 was made which represented the Group's estimated liabilities under this guarantee at that time. During the year ended 31 March 2019, this rental guarantee of HK$2.16 million was fully settled by the Group to Midas upon its expiry.

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

31. Creditors and accruals and sales deposits received (continued)

(b) 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

32. SHARE CAPITAL

	2019	2018
	HK$'000	HK$'000
Authorized:		
2,500,000,000 shares of HK$0.25 each	**625,000**	625,000

	Number of shares	**Amount**
		HK$'000
Issued and fully paid at HK$0.25 each:		
At 1 April 2017	1,677,193,104	419,298
Repurchase of shares *(note b(i))*	(4,640,000)	(1,160)
At 31 March 2018 and 2019	**1,672,553,104**	**418,138**

Notes:

(a) All new shares rank pari passu to the existing shares.

(b) (i) During the year ended 31 March 2018, the Company repurchased 4,640,000 shares of its own shares on the Stock Exchange with a total amount of approximately HK$8,811,000. The repurchased shares were cancelled after their repurchase.

(ii) During the year ended 31 March 2018, Chuang's China repurchased 18,310,000 shares of its own shares on the Stock Exchange with a total amount of approximately HK$10,858,000. The repurchased shares were cancelled after their repurchase.

(iii) During the year ended 31 March 2018, the Group purchased 64,270,000 shares of Chuang's China on the Stock Exchange with a total amount of approximately HK$41,897,000. Together with the shares repurchased by Chuang's China as mentioned in note 32(b)(ii), as at 31 March 2018, the Group's effective interest in Chuang's China increased from 57.5% to 60.7% accordingly and the respective effect was recognized within equity with a net increase in equity attributable to equity holders of the Company (note 33).

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.

33. RESERVES

	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Property, plant and equipment revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2017	763,161	4,462	418,329	21,584	65,310	71,934	(149,983)	8,174,336	9,369,133
Profit for the year	–	–	–	–	–	–	–	1,297,145	1,297,145
Net exchange differences	–	–	–	–	–	–	168,808	–	168,808
Share of exchange reserve of a joint venture	–	–	–	–	–	–	5,447	–	5,447
Realization of exchange reserves upon disposal of subsidiaries	–	–	–	–	–	–	(3,150)	–	(3,150)
Change in fair value of available-for-sale financial assets	–	–	–	–	–	(38,411)	–	–	(38,411)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	–	–	–	–	–	(576)	–	–	(576)
Fair value gain on transfer of properties from property, plant and equipment and leasehold lands and land use rights to investment properties, net of deferred taxes *(note 16(e))*	–	–	–	–	14,265	–	–	–	14,265
Transfer of capital reserve upon disposal of subsidiaries	–	–	(3,582)	–	–	–	–	3,582	–
2017 special dividend paid	–	–	–	–	–	–	–	(33,544)	(33,544)
2017 final dividend paid	–	–	–	–	–	–	–	(50,316)	(50,316)
2018 interim dividend paid	–	–	–	–	–	–	–	(50,316)	(50,316)
Repurchase of shares	(7,651)	–	–	–	–	–	–	–	(7,651)
Increase of interests in subsidiaries *(note)*	–	–	–	–	–	–	–	63,145	63,145
At 31 March 2018	755,510	4,462	414,747	21,584	79,575	32,947	21,122	9,404,032	10,733,979
Adjustment on the adoption of HKFRS 9 *(note 2(a)(iii))*	–	–	–	–	–	(2,743)	–	2,743	–
Restated at 1 April 2018	755,510	4,462	414,747	21,584	79,575	30,204	21,122	9,406,775	10,733,979
Profit for the year	–	–	–	–	–	–	–	1,226,643	1,226,643
Net exchange differences	–	–	–	–	–	–	(104,637)	–	(104,637)
Share of exchange reserve of a joint venture	–	–	–	–	–	–	(5,183)	–	(5,183)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	(24,432)	–	–	(24,432)
2018 final dividend paid	–	–	–	–	–	–	–	(83,628)	(83,628)
2019 interim dividend paid	–	–	–	–	–	–	–	(58,539)	(58,539)
Increase of interest in a subsidiary	–	–	–	–	–	–	–	(189)	(189)
At 31 March 2019	**755,510**	**4,462**	**414,747**	**21,584**	**79,575**	**5,772**	**(88,698)**	**10,491,062**	**11,684,014**

Note: The amount mainly represented the respective effect arising from Chuang's China's repurchase of its own shares and the purchase of Chuang's China's shares by the Group for the year ended 31 March 2018 (notes 32(b)(ii) and (iii)).

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.

34. BORROWINGS

	2019 HK$'000	2018 HK$'000
Unsecured bank borrowings		
Short-term bank borrowing	**200,000**	–
Long-term bank borrowings	**1,244,500**	659,000
	1,444,500	659,000
Secured bank borrowings		
Short-term bank borrowings	**407,555**	195,917
Long-term bank borrowings	**5,455,458**	5,566,262
	5,863,013	5,762,179
Total bank borrowings	**7,307,513**	6,421,179

The total bank borrowings are analyzed as follows:

	2019 HK$'000	2018 HK$'000
Short-term bank borrowings	**607,555**	195,917
Long-term bank borrowings	**6,699,958**	6,225,262
	7,307,513	6,421,179

The long-term bank borrowings are analyzed as follows:

	2019 HK$'000	2018 HK$'000
Long-term bank borrowings	**6,699,958**	6,225,262
Current portion included in current liabilities		
Portion due within one year	**(837,298)**	(735,440)
Portion due after one year which contains a repayment on demand clause	**(512,992)**	(302,442)
	(1,350,290)	(1,037,882)
	5,349,668	5,187,380

34. BORROWINGS (continued)

The bank borrowings of the Group are secured by certain assets including property, plant and equipment, investment properties, leasehold lands and land use rights, properties for/under development, properties for sale and financial assets at fair value through profit or loss with an aggregate carrying value of HK$11,548,540,000 (2018: HK$11,082,275,000), shares of certain subsidiaries, guaranteed by the Company and Chuang's China , and bank borrowings of HK$5,324,637,000 (2018: HK$5,122,437,000) are also secured by the assignment of rental income from the investment properties and other properties of the Group.

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	**1,444,853**	931,357
Within the second year	**850,745**	663,091
Within the third to fifth years	**4,827,511**	4,677,889
After the fifth year	**184,404**	148,842
	7,307,513	6,421,179

The effective interest rates of the bank borrowings at the balance sheet date range from 2.15% to 5.50% (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 5.50% (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	**6,659,981**	5,642,704
Renminbi	**–**	61,925
GBP	**505,362**	560,108
Malaysian Ringgit	**139,884**	153,525
Singapore dollar	**2,286**	2,917
	7,307,513	6,421,179

35. DEFERRED TAXATION

	2019 **HK$'000**	2018 HK$'000
Deferred taxation assets	**29,700**	–
Deferred taxation liabilities	**(494,896)**	(351,627)
	(465,196)	(351,627)

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

	HK$'000
At 1 April 2017	(284,136)
Changes in exchange rates	(21,485)
Charged to the consolidated income statement *(note 13)*	(101,994)
Charged to property, plant and equipment revaluation reserve *(note 16(e))*	(3,959)
Disposal of subsidiaries *(note 39(c)(iii))*	59,947
At 31 March 2018	(351,627)
Changes in exchange rates	14,971
Charged to the consolidated income statement *(note 13)*	(53,022)
Acquisition of a property business *(note 39(c)(ii))*	(75,518)
At 31 March 2019	**(465,196)**

35. Deferred taxation (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 and others	Total	Tax losses
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2017	(219,385)	(51,978)	–	(40,008)	(6,000)	(317,371)	33,235
Changes in exchange rates	(13,294)	(7,948)	–	(281)	–	(21,523)	38
Credited/(charged) to the consolidated income statement	403	(103,751)	–	(4,446)	–	(107,794)	5,800
Charged to property, plant and equipment revaluation reserve	–	(3,959)	–	–	–	(3,959)	–
Disposal of subsidiaries	9,074	50,560	–	480	–	60,114	(167)
At 31 March 2018	(223,202)	(117,076)	–	(44,255)	(6,000)	(390,533)	38,906
Changes in exchange rates	8,024	6,655	–	348	–	15,027	(56)
(Charged)/credited to the consolidated income statement	(1,534)	(84,727)	(109)	(3,396)	6,000	(83,766)	30,744
Acquisition of a property business	(75,518)	–	–	–	–	(75,518)	–
At 31 March 2019	**(292,230)**	**(195,148)**	**(109)**	**(47,303)**	**–**	**(534,790)**	**69,594**

Deferred taxation liabilities for the fair value gains represent the deferred taxation on the differences between the carrying values of the properties and assets as included in the consolidated financial statements and the carrying values of these properties and assets 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 date.

35. Deferred taxation (continued)

Deferred taxation assets of HK$470.5 million (2018: HK$431.8 million) arising from unused tax losses of HK$2,818.8 million (2018: HK$2,575.7 million) have not been recognized in the consolidated financial statements. These tax losses 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.

36. 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).

37. Commitments

(a) Capital commitments

	2019 **HK$'000**	2018 HK$'000
Contracted but not provided for in respect of property projects, properties and property, plant and equipment	**984,587**	914,475

(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	**22,110**	16,656
Within the second to fifth years	**5,202**	16,981
	27,312	33,637

37. 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	**157,510**	162,873
Within the second to fifth years	**184,097**	175,275
After the fifth year	**115,629**	10,039
	457,236	348,187

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

38. 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 purchaser's 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.

39. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2019 HK$'000	2018 HK$'000
Operating profit	**1,530,128**	1,646,398
Interest income from bank deposits	**(33,192)**	(20,404)
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	**–**	(2,612)
Negative goodwill on acquisition of property businesses, net of transaction costs *(notes 39(c)(v) and (vi))*	**–**	3,413
Gain on settlement of deferred consideration	**–**	(17,197)
Reversal of provision for impairment of properties for/under development	**(759)**	–
Reversal of provision for impairment of properties for sale	**(8,877)**	(7,955)
Net gain on disposal of property, plant and equipment	**(39)**	(3,124)
Fair value gain on transfer of properties from properties for sale to investment properties	**(6,349)**	(481,779)
Gain on disposal of subsidiaries	**(461,208)**	(363,156)
Change in fair value of investment properties	**(1,108,170)**	(822,925)
Reversal of provision for impairment of trade debtors	**(1,885)**	–
Reversal of provision for impairment of inventories	**–**	(192)
Depreciation	**48,630**	54,806
Amortization of leasehold lands and land use rights	**39,311**	40,088
Provision for impairment of trade debtors	**473**	163
Operating (loss)/profit before working capital changes	**(6,861)**	20,466
(Increase)/decrease in loans and receivables and other deposits	**(45,264)**	2,327
Increase in properties for/under development and properties for sale	**(385,580)**	(579,868)
(Increase)/decrease in cemetery assets	**(40,835)**	1,849
Decrease in inventories	**1,760**	1,198
Decrease in debtors and prepayments	**5,424**	26,728
Increase in financial assets at fair value through profit or loss	**(133,959)**	(398,612)
Increase in creditors and accruals	**54,490**	31,632
Increase in sales deposits received	**338,923**	787
Cash used in operations	**(211,902)**	(893,493)

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

(b) Analysis of cash and cash equivalents

	2019 HK$'000	2018 HK$'000
Cash and bank balances	**3,492,271**	1,988,353
Bank deposits maturing more than three months from date of placement	**(2,283)**	(4,223)
Cash and cash equivalents	**3,489,988**	1,984,130

(c) Acquisition and disposal of subsidiaries/businesses

(i) HK Disposal

	2019 HK$'000
Consideration	**2,030,062**
Less: Transaction costs and related expenses	**(1,422)**
Net proceeds	**2,028,640**
Details of net assets at the date of disposal:	
Investment property	**1,491,852**
Deposits	**62**
Net assets disposed of	**1,491,914**
Loss on PRC Property Acquisition *(note 39(c)(ii))*	**75,518**
Gain on disposal of subsidiaries *(note 8(b))*	**461,208**
	2,028,640
Analysis of gain on the HK Disposal:	
Gain on disposal of subsidiaries *(note 8(b))*	**461,208**
Analysis of net cash inflow in respect of the HK Disposal:	
Net consideration received	**2,028,640**
Less: PRC Property Acquisition *(note 39(c)(ii))*	**(420,000)**
Deposits received *(note 31(a)(iv))*	**(315,000)**
Net cash inflow from the HK Disposal	**1,293,640**
Satisfied by:	
Cash consideration	**1,610,062**
PRC Property Acquisition *(note 39(c)(ii))*	**420,000**
	2,030,062

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

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

(ii) PRC Property Acquisition

	2019 HK$'000
Consideration paid:	
Investment property	**420,000**
The recognized amounts of identifiable asset acquired and liabilities assumed at fair value at the date of acquisition:	
Investment property	**420,000**
Deferred taxation liabilities	**(75,518)**
Total identifiable net assets	**344,482**
Loss on PRC Property Acquisition *(note 39(c)(i))*	**75,518**
	420,000

The Group measures its fair value of net assets acquired with reference to the valuation based on direct comparison method carried out by Colliers, an independent professional property valuer who holds a recognized relevant professional qualification and has recent experience in the locations and segments of assets valued, as at the acquisition date and the current use equate to the highest and best use. Details of judgment and assumptions of the investment property had been disclosed in note 17. No contingent consideration arrangements or contingent liabilities were identified at acquisition.

The acquired business contributed revenues and profit attributable to the equity holders of the Company of approximately HK$7,900,000 and HK$7,050,000 respectively to the Group for the period from its acquisition date up to 31 March 2019. Had the acquisition of the property business occurred on 1 April 2018, the consolidated revenues and net gain and profit attributable to the equity holders of the Company for the year ended 31 March 2019 would have been approximately HK$632,938,000 and HK$1,236,402,000 respectively.

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

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

(iii) Midas Disposal

	2018 HK$'000
Consideration	789,321
Less: Transaction costs and related expenses	(23,915)
Net proceeds	765,406
Details of net assets at the date of disposal *(note)*:	
Property, plant and equipment	43,541
Investment properties	503,070
Leasehold lands and land use rights	5,570
Other non-current assets	37,658
Amount due from a fellow subsidiary	118,000
Inventories	29,969
Debtors and prepayments	70,750
Financial assets at fair value through profit or loss	111,587
Cash and bank balances	22,449
Creditors and accruals	(86,512)
Bank borrowings	(120,690)
Taxation payable	(55,331)
Deferred taxation liabilities	(59,947)
	620,114
Non-controlling interests	(217,253)
Net assets disposed of	402,861
Realization of exchange reserve upon disposal	(611)
Gain on disposal of subsidiaries *(note 8(a))*	363,156
	765,406
Analysis of gain on the Midas Disposal:	
Gain on disposal of subsidiaries *(note 8(a))*	363,156
Analysis of the net cash inflow in respect of the Midas Disposal:	
Net cash consideration received	765,406
Less: Cash and cash balances disposed of	(22,449)
Net cash inflow from the Midas Disposal	742,957

Note: The net assets at the date of disposal included all remaining fair value adjusted amounts for the identifiable assets acquired and liabilities assumed by the Group for the printing business of Midas in 2011 when Midas became a subsidiary of the Group after its rights issue (formerly an associated company of the Group).

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

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

(iv) Settlement of deferred consideration/Changsha Disposal

	2018 HK$'000
Consideration :	
Deferred consideration of the Restructuring recorded as "Amount due to a fellow subsidiary" by Chuang's China as at 31 March 2017	112,880
Change in exchange rate	11,120
Settlement of deferred consideration by Chuang's China	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 by Chuang's China	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 before taxation *(note 7(b))*	17,197
Less: PRC withholding corporate income tax *(note 13)*	(1,883)
Less: PRC tax indemnity *(note 13)*	(8,426)
Net gain on settlement of deferred consideration after taxation	6,888
Analysis of the 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)

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

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

(v) Building Acquisition

	2018 HK$'000
Net cash consideration paid:	
Investment property	301,200
Creditors and accruals	(1,046)
	300,154
The recognized amounts of identifiable asset acquired and liabilities assumed at fair value at the date of acquisition:	
Investment property	330,000
Creditors and accruals	(1,046)
Total identifiable net assets	328,954
Negative goodwill on acquisition	(28,800)
	300,154
Analysis of the net loss on the Building Acquisition:	
Negative goodwill on acquisition	28,800
Less: Transaction costs	(28,813)
Net loss on acquisition	(13)
Analysis of the net cash outflow in respect of the Building Acquisition:	
Net cash consideration paid	(300,154)
Transaction costs paid	(28,813)
	(328,967)

A negative goodwill of HK$28.8 million (before netting of transaction costs) was recorded in "Other income and net gain" for the year ended 31 March 2018. The Group measured its fair value of net assets acquired with reference to the valuation based on direct comparison method carried out by Colliers as at the acquisition date and the current use equated to the highest and best use. Details of judgment and assumptions of the investment property had been disclosed in note 17. No contingent consideration arrangements or contingent liabilities were identified at acquisition.

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

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

(v) Building Acquisition (continued)

The acquired business contributed revenues and profit attributable to the equity holders of the Company of approximately HK$4,404,000 and HK$1,038,000 respectively to the Group for the period from its acquisition date up to 31 March 2018. Had the acquisition of the property business occurred on 1 April 2017, the consolidated revenues and net gain and profit attributable to the equity holders of the Company for the year ended 31 March 2018 would have been approximately HK$757,343,000 and HK$1,297,345,000 respectively.

(vi) Shop Acquisition

	2018 HK$'000
Net cash consideration paid:	
Investment property	40,000
Creditors and accruals	(262)
	39,738
The recognized amounts of identifiable asset acquired and liabilities assumed at fair value at the date of acquisition:	
Investment property	40,000
Creditors and accruals	(262)
	39,738
Analysis of the other costs incurred on the Shop Acquisition:	
Transaction costs	(3,400)
Analysis of the net cash outflow in respect of the Shop Acquisition:	
Net cash consideration paid	(39,738)
Transaction costs paid	(3,400)
	(43,138)

The Group measured its fair value of net assets acquired with reference to the valuation based on direct comparison method carried out by Colliers as at the acquisition date and the current use equated to the highest and best use. Details of judgment and assumptions of the investment property had been disclosed in note 17. No contingent consideration arrangements or contingent liabilities were identified at acquisition.

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

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

(vi) Shop Acquisition (continued)

The acquired business contributed revenues and profit attributable to the equity holders of the Company of approximately HK$617,000 and HK$256,000 to the Group for the period from the acquisition date up to 19 December 2017 (date of completion of the Midas Disposal) respectively. Had the acquisition of the property business occurred on 1 April 2017 (and still up to 19 December 2017), the consolidated revenues and net gain and profit attributable to the equity holders of the Company for the year ended 31 March 2018 would not be materially different.

(d) 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	5,222,864	961,701	47,484	1,807	6,233,856
Cash inflows	513,772	211,148	4,670	–	729,590
Cash outflows	(19,278)	(444,728)	(21,822)	–	(485,828)
Non-cash changes					
Exchange difference	94,732	1,658	37	16	96,443
Disposal of subsidiaries *(Note 39(c)(iii))*	(23,400)	(97,290)	–	–	(120,690)
Increase of interest in a subsidiary	–	–	(464)	–	(464)
Reclassifications	(601,310)	601,310	–	–	–
At 31 March 2018	5,187,380	1,233,799	29,905	1,823	6,452,907
Cash inflows	1,379,236	830,489	5,145	–	2,214,870
Cash outflows	(172,000)	(1,098,095)	–	(1,366)	(1,271,461)
Non-cash changes					
Exchange differences	(48,233)	(5,063)	(24)	(10)	(53,330)
Reclassifications	(996,715)	996,715	(10,147)	10,147	–
At 31 March 2019	**5,349,668**	**1,957,845**	**24,879**	**10,594**	**7,342,986**

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board on 27 June 2019.

41. 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 asset			
Subsidiaries		**875,435**	889,708
Current assets			
Debtors and prepayments		**3,245**	1,146
Amounts due from subsidiaries		**2,602,398**	1,961,885
Cash and bank balances		**2,413,197**	1,427,636
		5,018,840	3,390,667
Current liabilities			
Creditors and accruals		**6,354**	5,050
Amount due to a subsidiary		**1,454,074**	898,573
		1,460,428	903,623
Net current assets		**3,558,412**	2,487,044
Net assets		**4,433,847**	3,376,752
Equity			
Share capital	32	**418,138**	418,138
Reserves	(a)	**4,015,709**	2,958,614
Total equity		**4,433,847**	3,376,752

The balance sheet of the Company was approved by the Board on 27 June 2019 and was signed on its behalf by:

Albert Chuang Ka Pun
Director

Richard Hung Ting Ho
Director

41. Balance sheet and reserves movement of the Company (continued)

(a) Reserves movement of the Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2017	763,161	4,462	1,625,100	2,392,723
Profit for the year	–	–	707,718	707,718
2017 special dividend paid	–	–	(33,544)	(33,544)
2017 final dividend paid	–	–	(50,316)	(50,316)
2018 interim dividend paid	–	–	(50,316)	(50,316)
Repurchase of shares	(7,651)	–	–	(7,651)
At 31 March 2018	755,510	4,462	2,198,642	2,958,614
Profit for the year	–	–	1,199,262	1,199,262
2018 final dividend paid	–	–	(83,628)	(83,628)
2019 interim dividend paid	–	–	(58,539)	(58,539)
At 31 March 2019	**755,510**	**4,462**	**3,255,737**	**4,015,709**

Total distributable reserves of the Company amounted to HK$3,255,737,000 (2018: HK$2,198,642,000) as at 31 March 2019.

42. 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	**60.7%**	60.7%	Property development and investment
	Anshan Chuang's Real Estate Development Company Limited	PRC	RMB210,000,000	**60.7%**	60.7%	Property development and investment
	Asian Land Limited	Hong Kong	HK$1 with 1 share	**100.0%**	100.0%	Property investment
	Chateau 15 Investments Limited *(note 39(c)(i))*	Hong Kong	HK$3,000,000 with 3,000,000 shares	**–**	100.0%	Property investment
	Chengdu Chuang's Investment Services Limited	PRC	HK$80,000,000	**60.7%**	60.7%	Property development and investment
	China Cyberworld Limited	Hong Kong	HK$2 with 2 shares	**60.7%**	60.7%	Property development and investment
	Chinaculture.com Limited	British Virgin Islands/ Hong Kong	US$1 with 1 share	**60.7%**	60.7%	Investment holding
	Chuang's China Capital Limited	Hong Kong	HK$1 with 1 share	**60.7%**	60.7%	Investment holding, securities investment and trading
*	Chuang's China Investments Limited	Bermuda/ Hong Kong	HK$117,441,766 with 2,348,835,316 shares	**60.7%**	60.7%	Investment holding
	Chuang's China Italia Plaza Limited	Hong Kong	HK$2 with 2 shares	**60.7%**	60.7%	Investment holding and money lending
	Chuang's China Realty Limited	Bermuda/ Hong Kong	HK$100,000 with 2,000,000 shares	**60.7%**	60.7%	Investment holding
	Chuang's China Technology Limited	Hong Kong	HK$117,622,779 with 458,310,965 shares	**60.7%**	60.7%	Investment holding, securities investment and trading

42. PRINCIPAL SUBSIDIARIES (continued)

	Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group 2019	2018	Principal activities
@	Chuang's Consortium Limited	Hong Kong	HK$455,141,193 with 4,000 shares	**100.0%**	100.0%	Investment holding
	Chuang's Credit Limited	Hong Kong	HK$10,300,000 with 10,300,000 shares	**100.0%**	100.0%	Money lending
	Chuang's-Edelweiss LLC	Mongolia	US$100,000 with 100,000 shares	**100.0%**	100.0%	Property development and investment
	Chuang's Engineering Limited	Hong Kong	HK$20 with 2 shares	**100.0%**	100.0%	Project management
	Chuang's Industrial (Holdings) Limited	Hong Kong	HK$196,825,069 with 189,231,936 shares	**100.0%**	100.0%	Investment holding, hiring of assets and trading of merchandises
	Chuang's Properties (Central Plaza) Sdn. Bhd.	Malaysia	MYR5,000,000 with 5,000,000 shares	**60.7%**	60.7%	Property investment
@	Chuang's Properties International Limited	British Virgin Islands/ Hong Kong	US$10 with 10 shares	**100.0%**	100.0%	Investment holding, property development and investment
	Chuang's Properties Limited	Hong Kong	HK$300,000,000 with 300,000,000 shares	**100.0%**	100.0%	Investment holding
	Chuang's Real Estate Agency Limited	Hong Kong	HK$2 with 2 shares	**100.0%**	100.0%	Property agency services
	Dongguan Midas Printing Company Limited	PRC	RMB126,734,400	**60.7%**	60.7%	Property investment
	Easy Success Enterprises Limited *(note 39(c)(v))*	Hong Kong	HK$2 with 2 shares	**100.0%**	100.0%	Property investment
	Equity King Limited	Hong Kong	HK$2 with 2 shares	**100.0%**	100.0%	Securities investment and trading
	Fanus Limited	British Virgin Islands/ Hong Kong	US$100 with 100 shares	**100.0%**	100.0%	Investment holding

42. Principal subsidiaries (continued)

	Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group 2019	2018	Principal activities
	Favour Day Limited	British Virgin Islands/ Hong Kong	US$1 with 1 share	**100.0%**	100.0%	Property investment
	Fortune Wealth Memorial Park (Si Hui) Limited	PRC	HK$183,760,000 (2018: HK$126,560,000)	**52.2%**	51.9%	Development and construction of cemetery and provision of related management services in the PRC
	General Nominees Limited	Hong Kong	HK$5,000 with 500 shares	**100.0%**	100.0%	Nominee and secretarial services
	Guangzhou Heng Yang Investment Services Limited	PRC	RMB1,000,000	**60.7%**	60.7%	Investment holding
	Guangzhou Panyu Chuang's Real Estate Development Company Limited	PRC	RMB300,000,000	**60.7%**	60.7%	Property development and investment
^	Hunan Han Ye Real Estate Development Company Limited	PRC	RMB25,000,000	**42.0%**	42.0%	Property development and investment
	Income Holdings Limited	British Virgin Islands/ Hong Kong	US$1 with 1 share	**100.0%**	100.0%	Investment holding, securities investment and trading
	Island 37 Investment Limited	Hong Kong	HK$1,100,000 with 110,000 shares	**100.0%**	100.0%	Property investment
	Jannerson Limited	Hong Kong	HK$5,000 with 5,000 shares	**100.0%**	100.0%	Property investment
	Koledo Company Limited	Hong Kong	HK$200 with 2 shares HK$200 with 2 non-voting deferred shares	**100.0%**	100.0%	Property investment
	Ladona Limited	British Virgin Islands/ Vietnam	US10 with 10 shares	**100.0%**	100.0%	Investment holding
	Lambda Tele-equipment Limited	Hong Kong	HK$200 with 2 shares HK$3,000,000 with 30,000 non-voting deferred shares	**100.0%**	100.0%	Investment holding

42. 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	**60.7%**	60.7%	Securities investment and trading
	Mega Well Limited	Hong Kong	HK$2 with 2 shares	**100.0%**	100.0%	Hotel operation and property investment
	Meloberg Limited	Hong Kong	HK$2 with 2 shares	**100.0%**	100.0%	Property investment
	Mongolia Property Development LLC	Mongolia	US$100,000 with 1,000 shares	**100.0%**	100.0%	Property development and investment
	Noble Title Limited	British Virgin Islands/ United Kingdom	US$1 with 1 share	**60.7%**	60.7%	Property investment
@	Profit Stability Investments Limited	British Virgin Islands/ Hong Kong	US$1 with 1 share	**100.0%**	100.0%	Investment holding
	Rich Joint Limited	Hong Kong	HK$1 with 1 share	**60.7%**	60.7%	Securities investment and trading
@	Sav Hospitality Limited	Hong Kong	HK$1,000,000 with 1,000,000 shares	**100.0%**	100.0%	Hotel management
	Shenzhen Brilliant Consulting Services Limited (formerly known as "Shenzhen Chuang's Consulting Services Limited") *(note 39(c)(ii))*	PRC	RMB10,000,000	**100.0%**	100.0%	Property investment
	Sintex Nylon and Cotton Products (Pte) Limited	Singapore	S$850,000 with 8,500 shares	**88.2%**	88.2%	Manufacture and sale of home finishing products
	Supreme Property Services Limited	Hong Kong	HK$1,000 with 1,000 shares	**100.0%**	100.0%	Property management
	Uniworld Property Management Limited	Hong Kong	HK$2 with 2 shares	**100.0%**	100.0%	Property management

* *Listed in Hong Kong*

@ *Directly held by the Company*

^ *As at 31 March 2019, this company is a subsidiary of Chuang's China of which the Group holds 60.7% (2018: 60.7%) equity interest. Accordingly, this company is classified as a subsidiary of the Group.*

43. PRINCIPAL ASSOCIATED COMPANIES

	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
	Marigondon Realty & Development Co., Inc.	Philippines	PHP6,000,000 with 6,000 shares	**40.0%**	40.0%	Hotel operation
	Pacific Cebu Resort International, Inc.	Philippines	PHP70,000,000 with 70,000 shares	**40.0%**	40.0%	Hotel operation
^	Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	US$1,000,000 with 1,000,000 shares	**15.2%**	15.2%	Auction services
	Versilcraft Holdings Limited	British Virgin Islands/ Hong Kong	US$300 with 300 shares	**20.2%**	20.2%	Manufacture of yacht
	Versilcraft International Limited	Hong Kong	HK$1 with 1 share	**20.2%**	20.2%	Manufacture of yacht

^ *As at 31 March 2019, this company is an associated company of Chuang's China of which the Group holds 60.7% (2018: 60.7%) equity interest. Accordingly, this company is classified as an associated company of the Group.*

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, Hotels and Serviced Apartments

Location	Term	Usage	Group's interest
Hong Kong			
Chuang's Tower, Nos. 30–32 Connaught Road Central, Central, M.L. Nos. 376, 410 and 375	Long lease	Commercial/Offices	100.0%
Chuang's London Plaza, No. 219 Nathan Road, Tsim Sha Tsui, K.I.L. No. 6345	Medium lease	Commercial	100.0%
Posco Building, No. 165 Un Chau Street, Sham Shui Po, N.K.I.L. No. 432 R.P.	Medium lease	Commercial/Industrial	100.0%
House A, No. 37 Island Road, Deep Water Bay, R.B.L. No. 599	Short lease	Residential	100.0%
Hotel sáv No. 83 Wuhu Street, Hunghom, H.H.I.L. Nos. 428, 440 S.A., 440 R.P., 304, 305, 394, 462, 443, 456, 455, 470, 466 and 452	Medium lease	Hotel/Commercial	100.0%
18 residential units, Parkes Residence, No. 101 Parkes Street, K.I.L. No. 1511, R.P.S.A., S.D., S.E., S.S.2.S.C., R.P.S.C. and S.B. of K.I.L. No. 1510	Long lease	Residential	100.0%
Taiwan			
sáv Residence, Xinyi District, Taipei City	Freehold	Residential	100.0%

1. Investment properties, Hotels and Serviced Apartments (continued)

Location	Term	Usage	Group's interest
The People's Republic of China			
1st to 3rd Floors, Peng Building, No. 1118 Wenjin North Road, Luohu District, Shenzhen	Medium lease	Commercial	100%
Chuang's Mid-town, Anshan, Liaoning			
– Commercial podium	Medium lease	Commercial, works in progress	60.7%
– Twin tower (Block AB and C)	Medium lease	Residential/Serviced apartments/Offices, works in progress	60.7%
Hotel and resort villas, Xiamen, Fujian	Medium lease	Resort and villa	36.1%
Chuang's Le Papillon, Guangzhou, Guangdong			
– Block P (22 villas)	Medium lease	Residential	60.7%
– Commercial properties	Medium lease	Commercial	60.7%
Industrial property, Xiaobian Village, No. 64 Dezheng Middle Road, Changan, Dongguan, Guangdong	Medium lease	Industrial	60.7%
Commercial property, Shatian, Dongguan, Guangdong	Medium lease	Commercial	60.7%
United Kingdom			
Office property, 10 Fenchurch Street, and 1 Philpot Lane, London, United Kingdom	Freehold	Commercial/Offices	60.7%
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	60.7%

2. PROPERTY PROJECTS

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
Hong Kong					
Nos. 16–20 Gage Street, Central, R.P., S.A. and S.B. of I.L. No. 188 and R.P.S.A. of I.L. No. 187	Planning works in progress	N/A	Residential/ Commercial	Site area – about 3,600 sq. ft. Gross floor area – about 36,000 sq. ft.	87.5%–100.0%
Villa 28 and Villa 30, Po Shan Road, I.L. No. 6070	Site formation and foundation works in progress	N/A	Residential	Site area – about 10,000 sq. ft. Gross floor area – about 40,662 sq. ft. for two semi-detached residences (left/right) or about 45,379 sq. ft. for a single residence	50.0%
Kowloon Inland Lot No. 11254, Reclamation Street/ Shantung Street, Mongkok, Kowloon	Site formation and foundation works in progress	2023	Residential	Site area – about 14,900 sq. ft. Gross floor area – about 112,200 sq. ft.	40.0%
			Commercial	Gross floor area – about 22,400 sq. ft. (will be retained by the Urban Renewal Authority)	
The Esplanade, Yip Wong Road, Tuen Mun Town Lot No. 514, Tuen Mun, New Territories	External works and interior works in progress	2020	Residential	Site area – about 26,135 sq. ft. Gross floor area – about 117,089 sq. ft.	60.7%
			Commercial	Gross floor area – about 25,813 sq. ft. (and 47 carparking spaces)	
Mongolia					
sáv Plaza, Sukhbaatar District, Ulaanbaatar	Internal and external finishing works in progress	2019	Residential/ Commercial	Site area – about 3,600 sq. m. Gross floor area – about 19,000 sq. m. (and 47 carparking spaces)	100.0%
International Finance Centre, Sukhbaatar District, Ulaanbaatar	Superstructure works topped off	2020	Commercial/ Offices	Site area – about 3,272 sq. m. Gross floor area – about 40,000 sq. m.	100.0%

2. PROPERTY PROJECTS (continued)

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
Vietnam					
Greenview Garden, Thu Duc District, Ho Chi Minh City	Site leveling works in progress	N/A	Residential/ Commercial	Site area – about 20,200 sq. m. Gross floor area – about 91,000 sq. m.	100.0%
The People's Republic of China					
Chuang's Le Papillon, Guangzhou, Guangdong					
– Phase I and II: Block A to N	Completed	Completed	Residential/ Commercial	Site area – about 119,721 sq. m. Gross floor area – about 856 sq. m. (and 572 carparking spaces)	60.7%
– Phase III	Preparatory works	N/A	Comprehensive development area	Site area – about 62,938 sq. m. Gross floor area – about 119,648 sq. m.	60.7%
– Remaining	Strategic planning stage	N/A	Comprehensive development area (subject to approvals)	Site area – about 32,833 sq. m. Gross floor area – about 55,363 sq. m.	60.7%
Chuang's Plaza, Anshan, Liaoning	Master planning in progress	N/A	Comprehensive development area	Site area – about 39,500 sq. m. Gross floor area – about 390,000 sq. m.	60.7%
Beverly Hills (also known as Ju Hao Shan Zhuang), Changsha, Hunan	Completed	Completed	Residential	Site area – about 95,948 sq. m. Gross floor area – about 5,942 sq. m.	42.0%
	Superstructure works completed	N/A	Commercial/Hotel	Gross floor area – about 11,600 sq. m.	42.0%

Results

	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Revenues and net gain *(note)*	1,521,709	1,869,172	1,137,910	755,163	**619,238**
Profit attributable to equity holders	502,952	597,759	1,264,279	1,297,145	**1,226,643**
Earnings per share (HK cents)	29.17	34.51	75.19	77.39	**73.34**
Dividend per share (HK cents)					
Interim	2.00	2.00	3.00	3.00	**3.50**
Final	3.00	3.00	3.00	5.00	**6.50**
Special	–	–	2.00	–	**–**
Total	5.00	5.00	8.00	8.00	**10.00**

Assets and liabilities

	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Non-current assets	9,387,831	10,226,734	11,714,898	14,331,383	**14,097,690**
Current assets	5,504,908	5,237,236	7,513,801	6,330,369	**8,491,696**
Total assets	14,892,739	15,463,970	19,228,699	20,661,752	**22,589,386**
Total liabilities	(5,161,742)	(5,411,552)	(7,484,739)	(7,762,691)	**(8,799,609)**
Non-controlling interests	(1,526,873)	(1,437,706)	(1,955,529)	(1,746,944)	**(1,687,625)**
Shareholders' funds	8,204,124	8,614,712	9,788,431	11,152,117	**12,102,152**
Net asset value per share (HK$)	4.73	5.09	5.84	6.67	**7.24**

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	2,113.1#	2,175.0#	4,798.1	3,932.8	**5,638.4**
Bank borrowings	3,700.8	3,971.1	6,184.6	6,421.2	**7,307.5**
Net debt to equity ratio (%)	19.4	20.8	14.2	22.3	**13.8**

Included pledged bank balances and those in assets held for sale.

Note: *The 2018 revenues and net gain 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 of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Chuang's Consortium International 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 12:00 noon 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. Alan Chuang Shaw Swee as an executive Director.

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

   (c) To re-elect Mr. Yau Chi Ming as an independent non-executive Director.

   (d) To re-elect Mr. David Chu Yu Lin as an independent non-executive Director.

   (e) 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$0.25 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 the 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 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 the 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 Consortium International Limited
Lee Wai Ching
Company Secretary

Hong Kong, 30 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 Standard 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 Standard 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 6.5 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 Standard 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 CONSORTIUM
INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)
Stock Code: 367

25th Floor, Alexandra House,
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www.chuangs-consortium.com