PIONEER GLOBAL GROUP LIMITED
建 生 國 際 集 團 有 限 公 司

Stock Code 股份代號：00224

ANNUAL REPORT **2018/2019** 年報

PIONEER GLOBAL GROUP LIMITED

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Rossana WANG GAW, *Chairman*
Goodwin GAW, *Vice Chairman*
Kenneth GAW, *Managing Director*
Christina GAW
Alan Kam Hung LEE

Independent Non-executive Directors
Dr. Charles Wai Bun CHEUNG, JP
Arnold Tin Chee IP
Stephen TAN

AUDIT COMMITTEE

Dr. Charles Wai Bun CHEUNG, JP, *Chairman*
Arnold Tin Chee IP
Stephen TAN

REMUNERATION COMMITTEE

Arnold Tin Chee IP, *Chairman*
Dr. Charles Wai Bun CHEUNG, JP
Stephen TAN

NOMINATION COMMITTEE

Rossana WANG GAW, *Chairman*
Kenneth GAW
Dr. Charles Wai Bun CHEUNG, JP
Arnold Tin Chee IP
Stephen TAN

COMPANY SECRETARY

Tsui Yan LAW

BANKERS

Citibank N.A. Hong Kong
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

SOLICITORS

Fangda Partners
Mayer Brown JSM

AUDITOR

CHENG & CHENG LIMITED

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10, Bermuda

PRINCIPAL OFFICE IN HONG KONG

18th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House
41 Cedar Avenue
Hamilton HM 12, Bermuda

SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

INFORMATION

http://www.pioneerglobalgroup.com
http://www.irasia.com/listco/hk/pioneer/index.htm
Bloomberg: 224:HK
Reuters: 0224.hk

BUSINESS REVIEW

Following a roller coaster year in 2018, global markets have continued to be volatile in 2019. First buoyed by the US Fed's U-turn in interest rate expectations in February, the markets performed strongly and recovered much of the lost grounds from the second half of 2018. But then when the US-China trade talks surprisingly fell apart in early May this year, markets promptly went south again.

Before US President Donald Trump turned up the heat with the trade war against China in the second half of 2018, the Chinese government was committed to control an overheating property market and over-leveraged economy. Many market cooling measures and deleveraging policies were introduced and the government was prepared to sacrifice short term growth for a more balanced economy in the medium to long term. However, with the onset of the trade war and the threat of a slowing economy, the government has started to reverse course and loosen the monetary purse again. Regardless of whether China and US strike a trade deal in the near future, it is clear that the world's two largest economies are engaged in a longer term strategic rivalry. The competition between the two will not only be about trade, but about technological and geopolitical supremacy. This strategic rivalry will have profound effects for the global economy, especially the disruption to the integrated global tech supply chains that have been well established over past two decades. In order to sustain the continued advancement of its economy and technological developments, China will no doubt invest heavily to build up its own technology supply chains and continue to boost domestic consumption.

In the second half of 2018, liquidity shortage in China and rising US interest rate caused a short term decline in Hong Kong housing prices, even though office rental rates in prime areas and hotels performance have continued to be strong. But when US Fed reversed its interest rate guidance earlier in 2019, Hong Kong housing prices also resumed its rising trend. And with the opening of major infrastructure projects such as the Hong Kong-Zhuhai-Macau bridge and the Hong Kong-Shenzhen leg that connects to the national high speed rail network, Hong Kong is poised to enjoy the fruits of the integration of the Greater Bay Area. However, the recent extradition law debacle that brought massive public protests will no doubt cast a negative sentiment on all sectors of the market, at least for the immediate future.

Thailand enjoyed another record year of tourist arrivals in 2018 with 38.27 million visitors, up 7.5% from the year before. However, most of that gain came from a very strong first quarter in 2018, which incidentally falls outside of our fiscal year ended 31 March 2019. After that strong first quarter, tourism in Thailand has been challenging in the second half of 2018, especially after the July boat tragedy in Phuket where a large number of Chinese tourists died. Since the boat accident, Chinese tourist arrivals to Thai beach resorts declined sharply. Our Pattaya resort suffered from this, although we have generally weathered this downturn better than most of our competitors. For Bangkok, the market has been generally flat in terms of occupancy due to new hotels openings in the city. While arrivals returned to normal in December, the market has been soft again in the first quarter 2019 due to the combined effect of the Election, which created some short term political uncertainties, as well as additional supply of new hotels in Bangkok.

For the year ended 31 March 2019, total revenue for the Group including share of associates totaled HK$743.1 million, rising by 10.0% from HK$675.8 million in 2018. The increase in revenue was a result of higher income from our investment properties and InterContinental Hotel in Hong Kong, in spite of lower revenues from our hotels in Thailand, particularly the Pullman Pattaya Hotel G. Operating profit also increased to HK$220.5 million (2018: HK$191.9 million). Share of profits of associates increased to HK$167.3 million (2018: HK$133.5 million), while fair value increase in investment properties was HK$366.5 million, lower than the HK$475.5 million gain in 2018. Finance costs during the year amounted to HK$69.1 million, compared to HK$50.4 million in 2018. The Group's net profit was HK$652.0 million (2018: HK$728.4 million), while net profit attributable to shareholders was HK$539.7 million (2018: HK$623.5 million). The decrease in net profit was the result of lower fair value increase in investment properties and higher finance costs during the year, despite higher performances from our investment properties and hotels.

Property Investments

As of 31 March 2019, the Group's investment property Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong has a high occupancy rate of 93%, compared to 82% in March 2018. For the fiscal year, Pioneer Place contributed rental and related revenues of HK$67.4 million and a fair value increase of HK$70.0 million.

The Group owns 60% in the 68 Yee Wo Street Building (229,200 sq. ft.) in Causeway Bay, Hong Kong. This investment property has continued to be fully let at 100% occupancy as at 31 March 2019. For the year ended 31 March 2019, the property contributed rental and related revenues of HK$132.6 million and a fair value increase of HK$219.8 million.

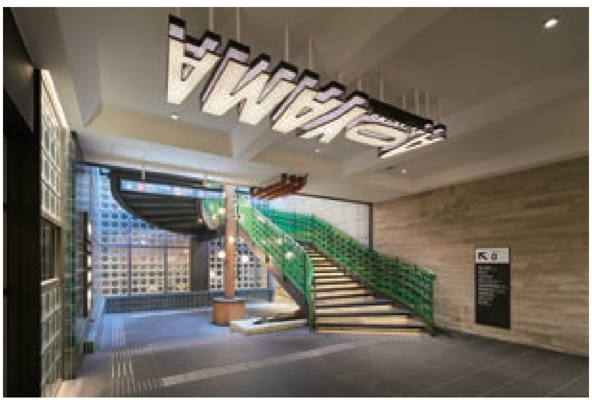
The Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong has also continued to perform strongly, with an occupancy rate of 94% and increasing rental rates. For the fiscal year ended 31 March 2019, the property contributed HK$59.9 million in rental and related revenues and HK$49.7 million in fair value increase to the Group.

The 56,740 sq. ft. commercial podium of Kiu Fat Building (115-119 Queen's Road West) in Sai Ying Pun, Hong Kong is being re-positioned and as a result, the lower and upper ground floor portions of the property are vacant, pending various negotiations with new tenants, leading to a lower occupancy of 54%. For the reporting period, the property contributed HK$10.3 million in rental and related revenues and HK$20.0 million fair value increase to the Group.

The Group has investments in K. Wah Centre (7.7%) and Ciro's Plaza (4.0%), both of which are located in Shanghai, China. The properties had occupancies of 98% and 93% respectively in March 2019.

On 26 February 2019, a joint venture company in which the Group holds 19.4% invested 26.3% (amounting to an effective stake of 5.1% for the Group) in three adjacent buildings in Tokyo, Japan. The three commercial buildings are the Aoyama Building (400,594 sq. ft.), Mihashi Building (5,419 sq. ft.), and Clover Aoyama Building (9,250 sq. ft.) on Aoyama Dori next to the Akasaka Palace grounds and with a prime location on top of three subway lines. The three buildings have occupancy rates of 99%, 91%, and 90% respectively. Capital injection of US$11.86 million (equivalent to HK$92.5 million) was made on 13 March 2019, and the joint venture will be treated as an associate of the Group.

Aoyama Building, Japan



Aoyama Building, Japan

Hotel Investments

Currently, the Group owns 30% in InterContinental Hong Kong and accounts for it as an associate company. The 503 rooms InterContinental Hong Kong is one of the leading 5 star hotels in the territory and world renowned for its commanding harbor view and Michelin star restaurants. As reported previously, the joint venture is currently working on plans to completely upgrade the hotel’s guest rooms and facilities, with renovation works expected to commence in 2020. Upon completion of the renovations, the hotel will be relaunched under the “Regent Hotel” brand and continued to be under the management of InterContinental Hotel Group. For the fiscal year ended 31 March 2019, the hotel generated revenues of HK$1,135.7 million (2018: HK$1,110.1 million) and operating profit of HK$415.0 million (2018: HK$409.4 million). During the year, InterContinental Hong Kong enjoyed an average occupancy rate of 88%.

For the fiscal year ended 31 March 2019, the Pullman Bangkok Hotel G (owned by the Group’s 49.5% owned associate company) had revenues of Baht 566.5 million (HK$135.6 million equivalent) (2018: Baht 571.6 million, HK$134.0 million equivalent) and operating profit of Baht 221.7 million (HK$53.1 million equivalent) (2018: Baht 222.9 million, HK$52.2 million equivalent), with an average occupancy of 83%.

During the same period, the Pullman Pattaya Hotel G (held by the Group through the same 49.5% owned associate that holds the Pullman Bangkok Hotel G) had revenues of Baht 374.5 million (HK$89.6 million equivalent) (2018: Baht 390.5 million, HK$91.5 million equivalent) and operating profit of Baht 139.6 million (HK$33.4 million equivalent) (2018: Baht 157.2 million, HK$36.8 million equivalent), with an average occupancy rate of 77%.

On 9 May 2018, the Group sold its shares in Dusit Thani Public Company Limited (listed in Thailand) for a total consideration (net of expenses) of Baht 430.2 million (equivalent to HK$104.3 million). This disposal generated a gain of HK$70.0 million to the Group and a 3.6x profit multiple from the original investment cost. By the adoption of HKFRS 9 “Financial Instruments”, the Group has classified the investment in Dusit Thani Public Company Limited as equity instruments at fair value through other comprehensive income (formerly accounted for as available for sale investments under HKAS 39). Upon disposal of the investment in May 2018, the gain on disposal has been recognized directly into retained earnings without recycling to profit and loss account.

PROSPECTS

On 24 May 2019, the Group invested HK$49.5 million (with a commitment of up to HK$55.0 million including future capital requirements) in a consortium to acquire the Cityplaza Three (half block) and Cityplaza Four in Tai Koo Shing, Hong Kong. The two adjacent buildings have a total GFA of 792,780 sq. ft. and the acquisition price of HK$15.0 billion represents a unit price of HK$18,921 per sq. ft. The Group's investment constituted a 0.9% effective stake in the properties. The buildings enjoy full seaview from the Island East area of Hong Kong Island, and we believe the unit price of the acquisition is attractive. In addition, we believe that the newly opened Central-Wan Chai Bypass link to the Island Eastern Corridor has substantially improved the connectivity of Island East district to Central CBD, hence the Island East district is poised to enjoy strong upward reversion in rental rates going forward.

Cityplaza Three and Cityplaza Four, Tai Koo Shing

Most of the Group's major investment properties (with the exception of Kiu Fat Building which is undergoing repositioning) and hotels have been enjoying high occupancy as well as stable or growing income. However, the recent extradition law debacle that brought massive public protests in Hong Kong will weigh heavily for sentiments in our home market. While the longer term effects are difficult to predict, these protests will no doubt affect tourism and business sentiments in Hong Kong in the short term. Likewise, international situations such as US-China trade war and BREXIT also create uncertainties. In light of the volatile political situation in Hong Kong as well as uncertainties globally, the Group will continue to invest cautiously.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to enjoy a strong and healthy financial position. As at 31 March 2019, the Group had cash and bank balances amounting to HK$287.5 million (31 March 2018: HK$198.1 million) together with an undrawn standby banking facility of HK$50.0 million.

As at 31 March 2019, the total bank borrowings of the Group were HK$2,281.0 million (31 March 2018: HK$2,279.3 million), including a bank loan of Kiu Fat Building Podium of HK$400.0 million due on 27 February 2020 to be refinanced. The Group's total debts to total assets ratio was 21.5% (31 March 2018: 22.7%) and net debt to total assets ratio was 18.8% (31 March 2018: 20.8%).

There is no foreign currency risk to the Group's financial liabilities as they are all denominated in Hong Kong dollars. However, the Group has investments in associates operating in Thailand, PRC and Japan with carrying amounts of HK$389.6

million, HK$212.7 million and HK$92.5 million equivalents respectively as at 31 March 2019 (31 March 2018: HK$377.3 million, HK$223.7 million and Nil). The management will closely monitor the currency market and take any necessary measures to reduce the exposure.

Pledge of Assets

At the year-end date, investment properties with a carrying value of HK$7,450.0 million (31 March 2018: HK$7,090.0 million) were pledged to secure bank loan facilities to the extent of HK$2,281.0 million (2018: HK$2,279.3 million) of which all facilities have been fully utilized.

Contingent Liabilities

As at 31 March 2019, the Group had guarantees of HK$1,879.8 million (31 March 2018: HK$1,878.2 million) given to bank in respect of banking facilities utilized by subsidiaries.

Kenneth Gaw
Managing Director
Hong Kong, 24 June 2019

Directors' Report

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and associated companies are shown in notes 32 and 33 to the financial statements. An analysis of the Group's turnover and contribution to results by principal activity of operations is set out in note 3 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated statement of profit or loss on page 38.

An interim dividend of HK1.5 cents per share, totaling HK$17,311,000 which was paid on 23 January 2019.

The Directors recommend the payment of a final dividend of HK3.1 cents (2018: HK3.1 cents) per share for the year ended 31 March 2019, payable on 17 October 2019 to all persons registered as shareholders on 30 September 2019. The transfer of books and register of members of the Company will be closed from 25 September 2019 to 30 September 2019, both days inclusive, during which period no transfer of shares will be effected. Payment of the final dividend is conditional upon the passing of an ordinary resolution at the forthcoming annual general meeting.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 September 2019.

SHARE CAPITAL

There was no movement in the share capital of the Company during the financial year.

DISTRIBUTABLE RESERVES

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a company is available for distribution. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after payment be, unable to pay its liabilities as they become due; or

(b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

The reserves of the Company available for distribution to shareholders as at 31 March 2019, including contributed surplus and retained earnings amounted to HK$965,748,000 (2018: HK$930,552,000).

Details of movements in reserves are set out in note 30 to the financial statements.

GROUP FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 118.

PROPERTY, PLANT & EQUIPMENT

Details of movements in property, plant & equipment are set out in note 15 to the financial statements.

MAJOR SUBSIDIARIES

Details of the major subsidiaries as at 31 March 2019 are set out in note 32 to the financial statements.

LOANS AND BORROWINGS

Details of loans and borrowings are set out in note 20 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2019, the Group's five largest customers together accounted for about 31% of the Group's total revenue and the largest customer accounted for about 11% of the Group's total revenue while the Group's five largest suppliers accounted for less than 30% of the Group's purchases.

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the issued share capital) had an interest in any of the Group's five largest customers.

DIRECTORS

The Directors in office during the financial year and up to the date of this report were:

Executive Directors
Rossana WANG GAW
Goodwin GAW
Kenneth GAW
Christina GAW
Alan Kam Hung LEE

Independent Non-executive Directors
Dr. Charles Wai Bun CHEUNG, JP
Arnold Tin Chee IP
Stephen TAN

In accordance with the Bye-Laws 82 & 83, Mrs. Rossana Wang Gaw, Dr. Charles Wai Bun Cheung, JP and Mr. Stephen Tan will retire by rotation, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DISCLOSURE OF DIRECTORS' INTERESTS

As at 31 March 2019, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company to be notified to the Company and the Stock Exchange.

Long Position in Shares of the Company

	Number of ordinary shares				
Name of director	Personal Interests	Interests held by controlled corporation	Interests held by family trust	Total	%
Rossana Wang Gaw	100,000	25,174,731[1]	215,768,260[2]	241,042,991	20.89
Kenneth Gaw	61,418,428	12,725,857[3]	41,305,864[4]	115,450,149	10.00
Christina Gaw	–	19,699,216[5]	–	19,699,216	1.71
Stephen Tan	–	4,136,754[6]	–	4,136,754	0.36

1 Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 25,174,731 shares.

2 Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 215,768,260 shares.

3 Mr. Kenneth Gaw owns the entire issued share capital of Top Elite Company Limited, which was beneficially interested in 12,725,857 shares.

4 Family trust of which Mr. Kenneth Gaw is the sole beneficiary held an aggregate of 41,305,864 shares.

5 Ms. Christina Gaw owns the entire issued share capital of Eternity Rich Investments Limited, which was beneficially interested in 19,699,216 shares.

6 Mr. Stephen Tan and his spouse together own 0.59% issued share capital of Bangkok Mercantile (Hong Kong) Company Limited ("Bangkok Mercantile"), which was beneficially interested in 4,136,754 shares. Mr. Stephen Tan is the Chairman of Bangkok Mercantile and its directors are accustomed to act in accordance with the direction of Mr. Stephen Tan. An aggregate of 304,000 shares of the Company were disposed of by Bangkok Mercantile in February and March 2018, and was notified to the Company and filed with the Stock Exchange in June 2019.

Long Position in Shares of Associated Corporations

Name of company	Name of director	Number of ordinary shares held by controlled corporation	%
Pioneer Hospitality Siam (GBR) Limited	Rossana Wang Gaw	30,300,000*	50.5
Pioneer Hospitality Siam (GBR) Limited	Kenneth Gaw	30,300,000*	50.5
Keencity Properties Limited	Rossana Wang Gaw	5,019,205*	50.5
Keencity Properties Limited	Kenneth Gaw	5,019,205*	50.5

* Interested by Mrs. Rossana Wang Gaw and Mr. Kenneth Gaw represented the same interests and were therefore duplicated amongst these two directors for the purpose of the SFO.

Save as disclosed above, as at 31 March 2019, none of the Directors of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2019, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Number of ordinary shares	%
Asset-Plus Investments Ltd.	115,403,866	10.00
Forward Investments Inc.	283,200,215	24.54
Intercontinental Enterprises Corporation	215,768,260[1]	18.70
Prosperous Island Limited	97,324,936	8.43

[1] Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 215,768,260 shares, which duplicated to those disclosed in "Long Position in Shares of the Company".

Save as disclosed above, the Directors were not aware of any other persons (other than a director or chief executive of the Company) who, as at 31 March 2019, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

BUSINESS REVIEW

A fair review of the business of the Group, including description of the possible risks and uncertainties that the Group may be facing, the important events of the Group and its future prospect of the Group is set out in the "Managing Director's Report" of the annual report.

An analysis of the Group's performance for the reporting year using financial key performance indicator and the financial risk management are set out on page 118 and in note 29 to the financial statements respectively.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group adheres to environmental sustainability from office throughout the property portfolio. As a responsible corporation, we strive to ensure minimal environmental impacts by carefully managing our energy consumption, water usage, property design and waste production.

At office level, the Company participated in the Green Office Awards Labelling Scheme organized by World Green Organization to implement green initiatives and encourage staff to join environmental related training. At properties level, we advocated e-bill and e-receipt to our tenants and actively launched various energy savings and recycling programmes.

More details of the environmental policies and performance of the Company will be published in the environmental, social and governance report within 3 months after the publication of this annual report.

COMPLIANCE TO LAWS AND REGULATIONS

The Board paid attention to the Group's policies and practices on compliance with legal and regulatory requirements. External compliance and legal advisers are engaged to ensure transactions and business performed by the Group are within the applicable laws framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

(a) Employees

The Company recognizes the value of employee involvement in effective communications and the need for their contribution to decision making on matters affecting their jobs. The employment policies of the Company embody the principles of equal opportunity and are tailored to meet the needs of the Company and the areas in which it operates. This includes suitable procedures to support the Company's policy that individuals should not be discriminated against on the basis of race, disability, age, gender, sexuality or religion and that they should be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

(b) Customers

Tenants are the Group's main customers. We endeavor to maintain a close and lasting relationship with them and pursue their satisfaction. The tenants can contact our asset management team directly via telephone and emails as and when needed. We also pay attention to the tenant's dissatisfaction and put the best effort to respond instantly to the problem and complaint submitted by the tenants.

(c) Suppliers

The Group seeks to develop long-standing and maintains good relationship with our key suppliers. We select our suppliers prudently and assess them based on criteria such as track record, experience, reputation and history of meeting our standards. We also discussed with the suppliers on areas of improvement so as to increase efficiency and foster long-term business benefits.

EMOLUMENT POLICY

As at 31 March 2019, the number of salaried staff at the holding company level was 17 (2018: 17). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The emoluments of the directors of the Company are determined with reference to his/her position, duties and responsibilities, remuneration policy of the Company and the prevailing market conditions. All the employees in Hong Kong are entitled a defined contribution mandatory provident fund retirement benefits scheme under the Mandatory Provident Fund Scheme Ordinance operated by the Group.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

As at 31 March 2019, there were no outstanding options to subscribe for the shares of the Company. There were no other arrangements to which the Company or any of its subsidiaries was a party to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

No Director, including those proposed for re-election at the forthcoming annual general meeting, has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation other than statutory compensation.

INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under "Connected Transactions" and in note 27 to the financial statements, no Director or an entity connected with a Director, a controlling shareholder or any of its subsidiaries, has a material beneficial interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries is a party during the financial year.

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISION

The Company's Bye-laws provides that all directors or other officers of the Company shall be entitled to be indemnified out of the Company's fund against all losses or liabilities which he or she may incur or sustain in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors' and officers' liability insurance throughout the financial year, which provides appropriate cover for certain legal actions brought against its directors and officers.

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of the annual report, there was a sufficient public float of the Company.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report on pages 21 to 32.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the financial year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

COMPETING INTERESTS

None of the Directors had, either directly or indirectly, an interest in a business which significantly competes or may compete with the business of the Group.

CONNECTED TRANSACTIONS

(1) Connected Transaction

On 26 February 2019, Pine International Limited, a wholly-owned subsidiary of the Company, entered into a shareholders' agreement with Gaw Separate Account (Rhapsody), L.P. ("Gaw L.P.") and Traveluck Investments Inc. ("Traveluck") to form Britt Hands Limited ("Britt Hands") of which the Group would own 19.4% shareholding. Britt Hands was formed to invest in 26.3% of a property investment company which is committed in acquiring three class A office buildings located in Aoyama district, Tokyo, Japan for rental income and capital appreciation.

The total committed capital contribution of Britt Hands is US$63.27 million (equivalent to approximately HK$493.5 million) and the Group's committed capital contribution is US$12.27 million (equivalent to approximately HK$95.7 million).

(i) Gaw L.P. is 100% owned by an investment fund controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw (executive directors of the Company), and (ii) Traveluck is 100% owned by Mrs. Rossana Wang Gaw (executive director of the Company). Thus, Gaw L.P. and Traveluck are connected persons of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(2) Continuing Connected Transaction

On 29 January 2016, Treasure Spot Investments Limited ("Treasure Spot"), a non-wholly owned subsidiary of the Company, as the landlord, entered into the lease agreement with Gaw Capital Advisors Limited ("GCAL"), as the tenant, pursuant to which Treasure Spot agreed to lease the partial of 18th and 19th floors, 68 Yee Wo Street, Causeway Bay, Hong Kong to GCAL as office premises for a term of 3 years commencing from 1 July 2016 to 30 June 2019 at HK$752,584 per calendar month. The Company can generate rental income from the lease.

GCAL is controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw, who are executive Directors of the Company, and is therefore a connected person of the Company under the Listing Rules.

The Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board confirmed that the Auditor has issued its unqualified independent assurance report on 24 June 2019 containing its findings and conclusions in respect of the continuing connected transaction disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 27 to the financial statements. None of these related party transactions constitutes a connected transaction, except for those described under "Connected Transactions", in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

AUDITOR

CHENG & CHENG LIMITED was first appointed auditor of the Company in November 2016 to fill the casual vacancy left by the resignation of Wong Brothers & Co.. The financial statements for the year ended 31 March 2019 have been audited by CHENG & CHENG LIMITED who will retire and being eligible offer itself for re-appointment. A resolution for the re-appointment of CHENG & CHENG LIMITED as auditor of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Rossana Wang Gaw
Chairman
Hong Kong, 24 June 2019

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mrs. Rossana WANG GAW (Chairman)

Aged 73, was appointed to the Board in 1980 and has been Chairman of the Group since February 1999. She is responsible for the management of the real estate sector in the Group. Mrs. Gaw has 8 years of experience in the garment manufacturing industry and over 35 years of experience in real estate investments and hotels business. Mrs. Gaw is a graduate of the University of California, Berkeley, and holds a Degree in Business Administration. She is the mother of Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw.

Mr. Goodwin GAW (Vice Chairman)

Aged 50, was appointed to the Board in 1994 and became Vice Chairman of the Group in August 1996. He is the Chairman of Gaw Capital Partners, a global real estate private equity firm. He is also the President of Downtown Properties Holdings, a private real estate investment company with commercial properties interest in the United States. Mr. Gaw graduated with a Bachelor of Science Degree in Civil Engineering from the University of Pennsylvania, a Finance Degree from Wharton Business School and a Master of Science Degree in Construction Management from Stanford University. He is the son of Mrs. Rossana Wang Gaw, and the brother of Mr. Kenneth Gaw and Ms. Christina Gaw.

Mr. Kenneth GAW (Managing Director)

Aged 48, was appointed to the Board in 1994 and became Managing Director of the Group in February 1999. He holds directorship at Hong Kong-Thailand Business Council. He was previously a director of Dusit Thani Public Company Limited until 2018, a director of Home Inns Hotels and Management Inc until 2016, a director of Siam Food Products Public Company Limited until 2006 and a director and Deputy Chairman of Wah Kwong Shipping Holdings Limited until 2000. Mr. Gaw co-founded Gaw Capital Partners, a global real estate private equity firm, in July 2005 and serves as its President and Managing Principal. He graduated with a Bachelor of Science Degree in Applied Mathematics and Economics from Brown University (Magna Cum Laude). Before joining the Group, Mr. Gaw worked in the structured finance group at Goldman, Sachs & Co. in New York and in corporate finance with Goldman Sachs (Asia) LLC in Hong Kong. He is the son of Mrs. Rossana Wang Gaw, and the brother of Mr. Goodwin Gaw and Ms. Christina Gaw.

Ms. Christina GAW

Aged 46, was appointed to the Board in 2014. She is a Partner and Managing Principal of Gaw Capital Partners, a global real estate private equity firm. Before joining the Group, Ms. Gaw worked at Goldman Sachs (Asia) LLC for almost 9 years and UBS for 6 years as Managing Director with responsibilities as Head of Asian Regional Sales and latest capacity as Head of APAC Capital Introduction team within Prime Brokerage. Outside of her professional career capacity, Ms. Gaw is a Corporate Member of The Cheltenham Ladies' College Council and serves as Executive Committee Member of the St. Paul's Coeducation College Alumni Association and School Supervisor of The TWGH's S.C. Gaw Memorial College in Hong Kong. She is also actively engaged in community work in Hong Kong and is a Board Member of The Women's Foundation. Ms. Gaw received her Bachelor of Science in Business Administration from the University of San Francisco. Ms. Gaw is the daughter of Mrs. Rossana Wang Gaw, and the sister of Mr. Goodwin Gaw and Mr. Kenneth Gaw.

Mr. Alan Kam Hung LEE

Aged 63, was appointed to the Board in 2013 and has been the Chief Financial Officer of the Group since 2000. He is also the Chief Operating Officer of Gaw Capital Partners, a global real estate private equity firm. Mr. Lee graduated with a Bachelor of Science Degree in Civil Engineering from Imperial College London, a Master of Science Degree in Engineering from the University of Hong Kong and a Master of Business Administration Degree from the University of Toronto. He is a Chartered Professional Accountant (Canada) and a fellow member of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Charles Wai Bun CHEUNG, JP

Aged 82, was appointed to the Board in 1986. He is the Chairman of the Audit Committee of the Company. Dr. Cheung holds an Honorary Doctor's Degree, a Master's Degree in Business Administration and a Bachelor of Science Degree. He has over 40 years of experience in the senior management of companies in various industries including over 30 years of experience of banking business in senior management positions. Dr. Cheung is director and Vice Chairman of the Executive Committee of Metropolitan Bank (China) Ltd. PRC. He was formerly a director and director of Audit Committee of China Resources Bank of Zhuhai Co. Ltd. and also an independent non-executive director and Chairman of Audit Committee of Shanghai Electric Group Company Limited. He was formerly an executive director and Chairman of Roma Group Limited. He was also formerly an independent non-executive director and Chairman, subsequently co-Chairman of Grand T G Gold Holdings Limited. He was formerly an independent non-executive director of China Taifeng Beddings Holdings Limited and China Financial International Investments Limited (formerly named Sunshine Capital Investments Group Limited) which are listed on the main board of the Stock Exchange. He is an independent non-executive director and Chairman of Remuneration Committee of Universal Technologies Holdings Ltd., an independent non-executive director and Chairman of Audit Committee of Modern Dental Group Limited and an independent non-executive director and Chairman of Remuneration Committee of Jiayuan International Group Limited, a non-executive director of Galaxy Entertainment Group Limited and an independent non-executive director of Fullsun International Holdings Group Co., Limited which are listed on the main board of the Stock Exchange. Dr Cheung is an independent non-executive director and Chairman of Nomination Committee of Yin He Holdings Limited (formerly Zebra Strategic Holdings Limited) which is listed on GEM board of the Stock Exchange. He was formerly an Executive Deputy Chairman and Group Chief Executive of Mission Hills Group and Visiting Professor of School of Business of Nanjing University, China. He is Special Adviser to the President of University of Victoria B.C. Canada. He is a member of Hospital Governing Committee of both Kowloon Hospital and Hong Kong Eye Hospital. Dr. Cheung is also a member of the Regional Advisory Committee of Kowloon of Hong Kong Hospital Authority. He is a council member of The Hong Kong Institute of Directors. Dr. Cheung was a former director and adviser of Tung Wah Group of Hospitals. He was awarded the Directors of the year Awards 2002 of Listed Company Non-executive Director. Dr. Cheung was elected Outstanding Director Award by the Chartered Association of Directors, Outstanding Management Award by Chartered Management Association and Outstanding CEO Award by the Asia Pacific CEO Association in December 2010.

Mr. Arnold Tin Chee IP

Aged 56, was appointed to the Board in 1999. He is the Chairman of the Remuneration Committee of the Company. Mr. Ip is a graduate of Trinity College, Cambridge University. Mr. Ip is chairman of Altus Holdings Limited, a company listed on the GEM board of the Stock Exchange, which focuses on providing corporate finance services to listed and unlisted companies in Hong Kong, and property investment. He is an independent non-executive director of Sam Woo Construction Group Limited and Pak Fah Yeow International Limited, both of which are listed on the main board of the Stock Exchange; and an independent non-executive director of Icicle Group Holdings Limited, a company listed on the GEM board of the Stock Exchange. He was the chairman of Japan Residential Assets Manager Limited, manager of Saizen REIT which was listed in Singapore until it subsequently delisted in 2017. Between 1989 and March 1997, Mr. Ip worked for Standard Chartered Asia Limited and was a director of Yuanta Securities (Hong Kong) Limited thereafter until January 2001, specializing in a range of corporate finance and advisory activities for companies based in Hong Kong and China. From 1984 to 1988, he worked at Arthur Andersen & Co in London specializing in taxation and qualified as a Chartered Accountant in 1988.

Mr. Stephen TAN

Aged 65, was appointed to the Board in 2007. He was educated in the United States and holds a Bachelor's Degree in Business Administration at Rutgers University, and a Master Degree in Business Administration at St. John's University. Mr. Tan is currently an executive director of Asia Financial Holdings Limited and was appointed as an independent non-executive director of China Motor Bus Company, Limited and Keck Seng Investments (Hong Kong) Limited in April 2014 and June 2019 respectively, and all of which are listed on the main board of the Stock Exchange. He also sits on the boards of Bank Consortium Trust Company Limited, Hong Kong Life Insurance Limited and AFH Charitable Foundation Limited. Mr. Tan serves as the Vice President of Hong Kong Chiu Chow Chamber of Commerce Limited, the Managing Director of Federation of Hong Kong Chiu Chow Community Organizations and the Chairman of Bangkok Mercantile (Hong Kong) Company Limited. He is a Standing Committee Member of the Chinese General Chamber of Commerce, the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited. Mr. Tan is a voting member of Tung Wah Group of Hospitals Advisory Board and Hong Kong Sinfonietta Limited, a Chartered member of the Rotary Club of The Peak.

CORPORATE GOVERNANCE PRACTICES

Good corporate governance provides a framework that is essential for effective management, healthy corporate culture, successful business growth and better shareholders' value. The Group's corporate governance practices emphasize a well-balanced quality Board, effective risk management and internal control and accountability to shareholders. The Board has adopted the principles of good governance provided by the Code on Corporate Governance Practices (the "CG Code") in the Appendix 14 of the Listing Rules. During the year ended 31 March 2019, the Company has complied with with the code provision set out in the CG Code.

THE BOARD OF DIRECTORS

Responsibilities of the Board

The Company is headed by an effective Board which is accountable to shareholders for the long-term performance and interests of the Company. The Board is responsible for directing business affairs of the Group which include determining the corporate objectives and business strategies, setting appropriate policies to manage risks and performing the corporate governance function. On the other hand, the Board delegated the management with the day to day running and operational matters of the Group and the management is held accountable for the performance of the Company.

Regarding the corporate governance duties, the Board as a whole is responsible for developing and reviewing the policies and practices on corporate governance and the legal and regulatory compliance; reviewing and monitoring the code of conduct and ethical behavior applicable to the Directors and employee; reviewing and monitoring the training and continuous professional development of Directors; and reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the year under review, the Board has reviewed the corporate governance practices of the Company and the disclosure in this corporate governance report. It also monitored the training and continuous professional development of Directors regularly.

Decisions on important matters, including those affect the Group's strategic policies, annual and interim results, material transactions and funding exercises are reserved to the Board whereas the Group's general operations decisions are reserved to the management. The respective functions to the Board and the management have been formalized and set out in writing.

Composition of the Board

The Board currently comprises eight Directors, including five Executive Directors and three Independent Non-executive Directors. The number of Independent Non-executive Directors in the Company represents more than one-third of the Board, which satisfied the requirement under Rule 3.10(A) of the Listing Rules. The biographical details of the Directors including their names, positions and relationships are set out on pages 18 to 20. In particular, Mrs. Rossana Wang Gaw (Chairman) is the mother of Mr. Goodwin Gaw (Vice Chairman), Mr. Kenneth Gaw (Managing Director) and Ms. Christina Gaw (Executive Director). Save as aforesaid, none of the members of the Board is related to one another.

The Company has maintained on its website and that of Stock Exchange an updated list of Directors identifying their roles and functions and disclosed the names of Directors, including those Independent Non-executive Directors, in all corporate communications.

Chairman and Managing Director

The roles of the Chairman and the Managing Director of the Company are separate to reinforce their respective independence and accountability.

The Chairman provides leadership to and oversees the effective functioning of the Board with good corporate governance practices. With the support of the senior management, the Chairman ensures that all Directors receive adequate, complete and reliable information, and are properly briefed on issues arising at Board meetings and that all key and appropriate issues are discussed by the Board in a timely manner.

The Managing Director heads the management and focuses on implementing objectives, policies and strategies approved and delegated by the Board. He has the executive responsibilities over the Company's day-to-day management and operation.

During the year under review, the Chairman of the Company is Mrs. Rossana Wang Gaw and the Managing Director is Mr. Kenneth Gaw.

Independent Non-executive Director

Each Independent Non-executive Director is appointed for a term of three years and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-Laws. The Independent Non-executive Directors possess appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. Their active participation in the Board and committee meetings brings an objective and independent voice that protects the minority interests. The Company has received in writing the annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the Independent Non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgment.

Any re-appointment of an Independent Non-executive Director who has served the Board for more than nine years will be subject to a separate resolution to be approved by shareholders. Reasons will be given in the circular to shareholders to explain why the Board believes those Independent Non-executive Directors are still independent and should be re-elected.

If an Independent Non-executive Director will be holding his seventh (or more) listed company directorship, the Board will explain in the circular why he will still be able to devote sufficient time to the Board.

Directors and Officers Liability Insurance

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group. The insurance coverage is reviewed and renewed on annual basis.

Board Meetings and Procedures

The Board meets regularly, and at least four times a year, to review the business development and discuss any matters arising from corporate governance, risk management, accounting and financing. Additional meetings will be held upon the request of the members when they think necessary. Every Director is entitled to have full access to information on the Group and may, in appropriate circumstances, take independent professional advice at the Company's expense.

In respect of regular Board meetings, at least 14 days' notice is normally given to all Directors and all Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the Board meetings, which enable the Board to make an informed decision on the matters. Draft minutes of every Board meeting are circulated to all Directors for their comment within a reasonable time after the Board meeting is held. All the minutes are kept by the Company Secretary and available for inspection by any Director.

All Directors, including the Independent Non-executive Directors, have devoted a reasonable amount of time and effort to the business affairs of the Company. The decisions made are collective decisions of all Directors after thorough discussion at the Board meetings. According to the current Board practices, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting and the director concerned will abstain from voting.

During the financial year, five Board meetings and the 2018 Annual General Meeting were held. The composition of the Board and attendance record of each Director at these meetings are set out below:

Directors	Number of Board Meeting attended	Number of General Meeting attended
Executive Directors		
Rossana Wang Gaw *(Chairman)*	5/5	1/1
Goodwin Gaw *(Vice Chairman)*	4/5	1/1
Kenneth Gaw *(Managing Director)*	5/5	1/1
Christina Gaw	4/5	1/1
Alan Kam Hung Lee	5/5	1/1
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	5/5	1/1
Arnold Tin Chee Ip	4/5	1/1
Stephan Tan	5/5	1/1

Directors' Induction and Training

On appointment to the Board, each newly appointed director receives a comprehensive induction package covering policies and procedures of the Company as well as the general, statutory and regulatory obligations of being a director to ensure that he is sufficiently aware of his responsibilities under the Listing Rules and other relevant regulatory requirements.

All Board members are encouraged to update their knowledge of and familiarity with the business environment related to the Group through active participation at Board meetings and enrolling in a wide range of professional development courses and seminars relating to the Listing Rules, Companies Ordinance, corporate governance practices and professional skills at the Company's expense. The Company provides Directors with regular updates on the performance, financial position and latest development of the Group. Directors are also updated on any material changes in the Listing Rules, Companies Ordinance, rules and regulatory requirements related to directors' duties and responsibilities from time to time.

All Directors have provided the Company Secretary with their training record for the financial year under review and the training received by each Director is summarized below:

Directors	Reading journals, Newspapers and/or updates*	Attending seminars, webinars, forums and/or conference*
Executive Directors		
Rossana Wang Gaw *(Chairman)*	✓	✓
Goodwin Gaw *(Vice Chairman)*	✓	✓
Kenneth Gaw *(Managing Director)*	✓	✓
Christina Gaw	✓	✓
Alan Kam Hung Lee	✓	✓
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	✓	✓
Arnold Tin Chee Ip	✓	✓
Stephen Tan	✓	✓

* All the trainings are related to corporate governance, rules and regulations, accounting, financial, management, professional skills and/or directors' duties and responsibilities.

Risk Management and Internal Control

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains an appropriate and effective risk management and internal control systems. The Board should oversee the management in the design, implementation and monitoring of the risk management and internal control systems, and the management should provide a confirmation to the Board on the effectiveness of the systems.

The Board, through the Audit Committee, assesses the effectiveness of the Group's risk management and internal control systems, which covers all material controls, including financial, operational and compliance controls, on at least annual basis, reviews the effectiveness of the internal audit function, and also considers the adequacy of resources, staff qualifications and experience, training programmes and budgets.

The Company's risk management and internal control systems have five components, including control environment, risk assessment, control activities, information and communication, and monitoring which are embedded in each business unit or functional area.

The management with the coordination of different business units implements the risk management and internal control systems in accordance to the Board's direction. They meet regularly to review and identify any significant management and operational risks and each of identified risks is assessed of its impact and likelihood. Various controls or safeguards are taken to address the significant risks. Timely and accurate information are effectively communicated among operational staff and the management. Material issues, particularly any incidence of control failings or weaknesses that may cause material impact on the business of the Group is to be reported to the Board and the Audit Committee on a timely basis.

The internal audit function undertaken by the internal auditor is also established to monitor the Group's internal governance and strive to provide an objective assurance to the Board on the adequacy, efficiency and effectiveness of the Group's risk management and internal control systems maintained by the management and to provide recommendations for improvement. The annual internal audit plan is reviewed and approved by the Audit Committee.

In the year under review, the Board, through the Audit Committee and the external auditor, conducted the review of effectiveness of the Group's risk management and internal control systems, including all material financial, operational and compliance controls and assessed the adequacy of resources, qualification and experience of the staff of the Company's accounting and financial reporting function, and their training programs and budgets and the review of the internal audit function for the year ended 31 March 2019. The result of assessment was satisfactory and the Board was not aware any significant issues that would have an adverse impact on the effectiveness and adequacy of the systems of the Group. Also the management provided a confirmation to the Audit Committee and the Board on the effectiveness of the systems.

BOARD COMMITTEES

Remuneration Committee

The Remuneration Committee consists of three Independent Non-executive Directors, including Mr. Arnold Tin Chee Ip (Chairman), Dr. Charles Wai Bun Cheung, JP and Mr. Stephen Tan. The responsibilities and functions of the Remuneration Committee are set out in its terms of reference and are available on the websites of the Company and the Stock Exchange.

The principal duties of the Remuneration Committee are to make recommendations to the Board regarding the Company's remuneration policy and structure; to assess the performance of executive directors; and to formulate and review the remuneration packages of all the Directors and senior executives.

The remuneration packages of Directors and senior management are reviewed and determined by the Remuneration Committee with reference to his/her position, duties and responsibilities, remuneration policy of the Company and the prevailing market conditions. Sufficient resources are provided to the Committee to discharge its duty. The Committee can consult the Chairman and the Managing Director about their proposals relating to the remuneration of the Executive Directors and have access to independent professional advice at the Company's expense if necessary.

During the financial year, one Remuneration Committee meeting was held and attendance record of each Director is set out as below:

Directors	Number of Remuneration Committee Meeting attended
Independent Non-executive Directors	
Arnold Tin Chee Ip *(Chairman)*	1/1
Dr. Charles Wai Bun Cheung, JP	1/1
Stephen Tan	1/1

In the meeting, the Remuneration Committee assessed the performance of the Executive Directors and reported to the Board the remuneration packages for the Executive Directors for year 2019 and the bonus for year 2018. Details of the Directors' remuneration for year 2019 are set out in note 11 to the financial statements.

Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, including Dr. Charles Wai Bun Cheung, JP (Chairman), Mr. Arnold Tin Chee Ip and Mr. Stephen Tan. The responsibilities and functions of the Audit Committee are set out in its terms of reference and are available on the websites of the Company and the Stock Exchange.

The principal duties of the Audit Committee are to review the interim and annual financial statements; to investigate any activity within its terms of reference; to oversee the Company's relationship with external auditor; to discuss any issues arising from the audits and any matters raised by the external auditor; to assess the risk management and internal control systems; to review the effectiveness of the internal audit function; and to monitor the financial aspects of the Group. The Audit Committee meets twice a year with external auditor and is provided with sufficient resources to discharge its duty and has access to independent professional advice at the Company's expense if necessary.

During the financial year, two Audit Committee meetings were held and attendance record of each Director is set out as below:

Directors	Number of Audit Committee Meeting attended
Independent Non-executive Directors	
Dr. Charles Wai Bun Cheung, JP *(Chairman)*	2/2
Arnold Tin Chee Ip	2/2
Stephen Tan	2/2

Throughout the year, the Audit Committee reviewed the interim and annual financial statements and reports of the Group with the external auditor and the management before recommending them to the Board for consideration and approval. The Committee also reviewed the continuing connected transactions and monitored the integrity of the financial statements and paid attention to any changes in accounting policies and practices and their impact on the Group's financial statements. In addition, the Audit Committee assisted the Board in meeting its responsibilities for maintaining an effective systems of risk management and internal control and the internal audit function during the financial year. The Committee reviewed the risk management and internal control systems report and internal audit report prepared by the management/ internal auditor and discussed the same with the external auditor to ensure the effectiveness and efficiency of the Group's operation. The external auditor and the Audit Committee were satisfied that the overall financial and operational controls for the Group continued to be effective. The work and finding of the Audit Committee were reported to the Board.

Nomination Committee

The Nomination Committee consists of three Independent Non-executive Directors and two Executive Directors. Mrs. Rossana Wang Gaw is the Chairman of the Nomination Committee whereas Mr. Kenneth Gaw, Dr. Charles Wai Bun Cheung, JP, Mr. Arnold Tin Chee Ip and Mr. Stephen Tan are the Committee members. The responsibilities and functions of the Nomination Committee are set out in its terms of reference are available on the websites of the Company and the Stock Exchange.

The principal duties of the Nomination Committee are to review the structure, size and composition of the Board; to assess the independence of the Independent Non-executive Directors; and to make recommendation to the Board on selection of candidates for directorship and on appointment or reappointment of directors.

The Company adopted a board diversity policy with the aim of achieving diversity on the Company's board of directors. Our board diversity policy considers that board diversity includes a number of different aspects, such as professional experiences, business perspectives, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service. Under the board diversity policy, the Nomination Committee has responsibility in leading the progress for Board appointments: when there is a vacancy or an addition director, the Committee will identify suitable candidates internally and externally for nomination.

The Committee will assess the candidates based on a range of diversity perspectives stated above before recommended to the Board. All directors so appointed by the Board are subject to election by shareholders at the forthcoming general meeting.

During the financial year, one Nomination Committee meeting was held and attendance record of each Director is set out as below:

Directors	Number of Nomination Committee Meeting attended
Executive Directors	
Rossana Wang Gaw *(Chairman)*	1/1
Kenneth Gaw	1/1
Independent Non-executive Directors	
Dr. Charles Wai Bun Cheung, JP	1/1
Arnold Tin Chee Ip	1/1
Stephen Tan	1/1

In the meeting, the Nomination Committee reviewed the structure, size and composition of the Board and the board diversity policy, assessed the independence of Independent Non-executive Directors and discussed the re-appointment of retiring Directors at 2019 annual general meeting.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that they are responsible for preparing the accounts in accordance with generally accepted accounting standards in Hong Kong, the requirements of the Listing Rules and applicable laws as well as the integrity of the financial information so reported. Starting from April 2012, the Company has provided all Directors with monthly management updates of the Company's performance, financial positions and other major matters, giving a balanced and understandable assessment to each Director to discharge their duties.

The consolidated financial statements of the Company for the year ended 31 March 2019 are prepared on the going concerns basis and have been audited by the external auditor, CHENG & CHENG LIMITED, and reviewed by the Audit Committee. The Auditor's reporting responsibilities are included in the Independent Auditor's Report on pages 33 to 37.

During the financial year ended 31 March 2019, the fees charged by the external auditor of the Company for their statutory audit services amounted to HK$589,000 and no non-audit services were provided to the Group.

DIRECTORS' DEALING IN SHARES OF THE COMPANY

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by Directors of the Company. The Company having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2019. The relevant employees who are likely to be in possession of inside information of the Company are required to comply with the provisions of the Model Code.

COMPANY SECRETARY

Our Company Secretary, a full time employee of the Company, is responsible for assisting the Board on corporate governance matters and communication with shareholders. For the year under review, the Company Secretary has confirmed that she has undertaken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to convene a special general meeting

Pursuant to the Companies Act of Bermuda, a special general meeting may be convened by the Board of Directors upon requisition by any shareholder(s) holding not less than one-tenth of the paid-up capital of the Company as at the date of deposit carries the right of voting at the general meetings of the Company. The requisition must state the purpose of the meeting, and each must be signed by the relevant shareholders and deposited to the registered office of the Company at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

If the Board of Directors does not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the shareholder(s), 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.

Procedure for Shareholders to put forward proposals at a general meeting

Pursuant to the Companies Act of Bermuda, either any number of the registered shareholders holding not less than one-twentieth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 of such registered shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next general meeting notice of any resolutions which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to receive notice of the next general meeting any 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 meeting.

Each of requisition must be signed by the relevant shareholders and deposited to the registered office of the Company at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda not less than six weeks before the meeting, in case of a requisition requiring notice of a resolution; and not less than one week before the meeting, in case of any other requisition, together with a sum reasonably sufficient to meet the Company's expense in sending the notice.

Procedure for Shareholders to propose a person for election as a director

The procedure for proposing a person for election as a director is stated at the Company's website under the Corporate Governance Section.

Procedure for Shareholders to direct enquiries to the Board

Any enquiries by shareholders drawing the Board's attention can be sent in writing to the Company Secretary at the Company's principal place of business in Hong Kong or via email (info@pioneerglobalgroup.com). Shareholders may also make enquiries during the general meetings of the Company.

Constitutional Documents

During the financial year ended 31 March 2019, no change have been made to the constitutional documents of the Company.

DIVIDEND POLICY

The Company endeavors to maintain a balance between shareholders' interests and prudent capital management with sustainable dividend policy.

When proposing any dividends payout, the Board shall take into account, inter alia, the Group's financial conditions and business performance; stable and sustainable returns to the shareholders; the expected future operations and working capital requirements; the Company's business plans and strategies; global economics conditions and other internal/external factors that may have an impact on the business or financial performance of the Group; any restrictions on payment of dividends and any other factors that the Board considers relevant.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Investors and shareholders can also visit the Company's website (www.pioneerglobalgroup.com or www.irasia.com/listco/hk/pioneer/index.htm) for relevant corporate and financial information.

The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. The Chairman, the management, Independent Non-executive Directors and external auditor participate in the meeting to answer any questions from the shareholders. An annual general meeting circular is distributed to all shareholders at least 20 clear business days prior to the annual general meeting. To facilitate enforcement of the shareholders' rights, significant issues are dealt with under separate resolutions. All resolutions at the annual general meeting of the Company will be decided on a poll and the Company will engage external scrutineer or proper counting of the votes. Results of the poll will be published on the websites of the Company and the Stock Exchange.

CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
鄭鄭會計師事務所有限公司

TO THE SHAREHOLDERS OF
PIONEER GLOBAL GROUP LIMITED
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Pioneer Global Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 116, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "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 are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional 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	How our audit addressed the key audit matters
Valuation of investment properties	
Refer to note 12 to the consolidated financial statements As at 31 March 2019, the carrying amount of the Group's investment properties amounted to approximately HK$7,525,000,000 as disclosed in note 12 to the consolidated financial statements, unrealised gain on fair value changes of investment properties of approximately HK$366,503,000 was recognised in profit or loss. All the Group's investment properties are measured at fair value based on valuations performed by an independent qualified professional valuer engaged by the Company. Details of the valuation techniques and key inputs used in the valuations are disclosed in note 12 to the consolidated financial statements. Given that the valuation was significant to the Group and that the fair value estimate itself is subjective, we have identified the valuation of the investment properties as one of the key audit matters.	We reviewed the valuation report prepared by the independent valuer engaged by the Company. We discussed with the management of the Company and the valuer the appropriateness of the valuation approach and key assumptions being used in determining the fair value of the investment properties as at 31 March 2019. We compared the market transactions and market rental with similar properties and locations. We evaluated the valuer's competence, capabilities and objectivity.
Valuation of associates	
Refer to note 13 to the consolidated financial statements As at 31 March 2019, the carrying amount of the Group's interest in associates amounted to approximately HK$2,337,377,000 as disclosed in note 13 to the consolidated financial statements. Included in this balance, Supreme Key Limited ("Supreme Key") is a material associate of the Group amounted to approximately HK$1,606,174,000. The major investment of Supreme Key is investment property, which is measured at fair value based on valuation performed by an independent qualified professional valuer. Given that the fair value estimate itself is subjective, we have identified the valuation of the investment property of Supreme Key as one of the key audit matters.	We were not the statutory auditor of the financial statements of Supreme Key. We discussed with the asset manager of Supreme Key, which is a company engaged by the major investor providing management services of Supreme Key and its subsidiaries, and also the management of the Group about the performance of the associate and how the associate prepared the financial statements, in particular, whether the accounting policies used by the associate in preparing its financial statements were in line with the Group's policies. With regard to the associate's investment property, we performed the procedures which are same as those procedures as we have conducted for addressing the key audit matter "Valuation of investment properties" as set out above.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 Those Charged with Governance 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.

Those charged with governance are 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 solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act, 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 skepticism throughout the audit. We also:

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

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

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

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

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

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

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

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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.

CHENG & CHENG LIMITED
Certified Public Accountants
Cheng Hong Cheung
Practising Certificate Number: P01802
Hong Kong, 24 June 2019

Consolidated Statement of Profit or Loss

For the year ended 31 March 2019

	Notes	For the year ended 31 March **2019** ***HK$'000***	2018 *HK$'000*
Revenue			
Company and subsidiaries		**290,933**	264,576
Share of associates *(Note)*		**452,183**	411,190
		743,116	675,766
Revenue of Company and subsidiaries	*4*	**290,933**	264,576
Properties operating expenses		**(42,593)**	(42,406)
Staff costs		**(22,643)**	(24,150)
Depreciation		**(998)**	(1,814)
Other expenses		**(4,186)**	(4,320)
		(70,420)	(72,690)
Operating profit		**220,513**	191,886
Share of profits of associates		**167,309**	133,469
Change in fair value of investment properties	*12*	**366,503**	475,497
Change in fair value of investments in equity instruments at fair value through profit or loss ("FVTPL")		**(9,721)**	–
Other gains and losses	*5*	**394**	2,295
Finance costs	*6*	**(69,087)**	(50,411)
Profit before taxation	*7*	**675,911**	752,736
Taxation			
Current	*8*	**(15,222)**	(16,684)
Deferred	*8*	**(8,640)**	(7,667)
Profit for the year		**652,049**	728,385
Profit attributable to:			
Shareholders of the Company		**539,701**	623,498
Non-controlling interests		**112,348**	104,887
		652,049	728,385
		HK cents	HK cents
Earnings per share	*10*	**46.77**	54.03

Note: The amounts represent revenue generated by associates at the percentage of the Group's equity interest in associates.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	For the year ended 31 March 2019 HK$'000	2018 HK$'000
Profit for the year	**652,049**	728,385
Other comprehensive (expense)/income:		
Items that will not be reclassified subsequently to profit or loss:		
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI")	**(6,229)**	–
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments	**–**	121,379
Change in fair value of investments in debt instruments at FVTOCI	**431**	–
Exchange difference on translation of associates	**(7,301)**	36,820
Other comprehensive (expense)/income for the year, net of tax	**(13,099)**	158,199
Total comprehensive income for the year	**638,950**	886,584
Total comprehensive income attributable to:		
Shareholders of the Company	**526,602**	762,625
Non-controlling interests	**112,348**	123,959
	638,950	886,584

Consolidated Statement of Financial Position

At 31 March 2019

	Notes	**At 31 March 2019 HK$'000**	At 31 March 2018 HK$'000
ASSETS			
Non-current assets			
Investment properties	12	**7,525,000**	7,158,000
Associates	13	**2,337,377**	2,111,862
Available for sale investments	14	**–**	530,141
Debt instruments at FVTOCI	14	**1,907**	–
Equity instruments designated at FVTOCI	14	**273,267**	–
Equity instruments at FVTPL	14	**81,301**	–
Property, plant & equipment	15	**4,004**	4,979
Other assets		**300**	300
		10,223,156	9,805,282
Current assets			
Debtors, advances & prepayments	16	**20,507**	25,464
Debt instruments at FVTOCI	14	**71,134**	–
Financial assets at fair value	14	**–**	1,326
Tax assets		**1,893**	–
Cash & bank balances	17	**287,453**	198,109
		380,987	224,899
Total assets		**10,604,143**	10,030,181
EQUITY			
Share capital	18	**115,404**	115,404
Reserves		**6,980,013**	6,506,497
Shareholders' funds		**7,095,417**	6,621,901
Non-controlling interests		**1,066,732**	982,384
Total equity		**8,162,149**	7,604,285
LIABILITIES			
Non-current liabilities			
Creditors & accruals	19	**49,066**	47,073
Secured bank loans	20	**1,881,000**	1,263,500
Obligations under finance lease	21	**664**	1,008
Deferred taxation	22	**63,810**	55,170
		1,994,540	1,366,751
Current liabilities			
Creditors & accruals	19	**44,518**	42,200
Secured bank loans	20	**400,000**	1,015,804
Obligations under finance lease	21	**343**	320
Tax liabilities		**2,593**	821
		447,454	1,059,145
Total liabilities		**2,441,994**	2,425,896
Total equity and liabilities		**10,604,143**	10,030,181

The Group's consolidated financial statement on pages 38 to 116 were approved and authorized for issue by the Board of Directors on 24 June 2019 and are signed on its behalf by:

Kenneth Gaw
Director

Alan Kam Hung Lee
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Attributable to shareholders of the Company									
	Share capital HK$'000	Share premium HK$'000	Capital reserve & contributed surplus HK$'000	Exchange reserve HK$'000	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2018	115,404	547,748	41,242	25,920	204,722	174,497	5,512,368	6,621,901	982,384	7,604,285
Impact on initial application of HKFRS 9	–	–	–	–	(29,794)	–	29,794	–	–	–
Adjusted balance at 1 April 2018	115,404	547,748	41,242	25,920	174,928	174,497	5,542,162	6,621,901	982,384	7,604,285
Fair value change of investments in										
– equity instruments designated at FVTOCI	–	–	–	–	(6,229)	–	–	(6,229)	–	(6,229)
– debt instruments at FVTOCI	–	–	–	–	431	–	–	431	–	431
Exchange on translation of associates	–	–	–	(7,301)	–	–	–	(7,301)	–	(7,301)
Reclassified to retained earnings upon disposal of equity instruments designated at FVTOCI	–	–	–	–	(69,958)	–	69,958	–	–	–
Other comprehensive (expense)/income for the year	–	–	–	(7,301)	(75,756)	–	69,958	(13,099)	–	(13,099)
Profit for the year	–	–	–	–	–	–	539,701	539,701	112,348	652,049
Total comprehensive (expense)/income for the year	–	–	–	(7,301)	(75,756)	–	609,659	526,602	112,348	638,950
Distribution to non-controlling interests	–	–	–	–	–	–	–	–	(28,000)	(28,000)
2018 final dividend paid	–	–	–	–	–	–	(35,775)	(35,775)	–	(35,775)
2019 interim dividend paid	–	–	–	–	–	–	(17,311)	(17,311)	–	(17,311)
At 31 March 2019	115,404	547,748	41,242	18,619	99,172	174,497	6,098,735	7,095,417	1,066,732	8,162,149

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Attributable to shareholders of the Company									
	Share capital HK$'000	Share premium HK$'000	Capital reserve & contributed surplus HK$'000	Exchange reserve HK$'000	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2017	115,404	547,748	41,242	(10,900)	102,415	174,497	4,940,802	5,911,208	900,425	6,811,633
Fair value change of available for sale investments										
– subsidiaries	–	–	–	–	102,307	–	–	102,307	–	102,307
– non-controlling interests	–	–	–	–	–	–	–	–	19,072	19,072
Exchange on translation of associates	–	–	–	36,820	–	–	–	36,820	–	36,820
Other comprehensive income for the year	–	–	–	36,820	102,307	–	–	139,127	19,072	158,199
Profit for the year	–	–	–	–	–	–	623,498	623,498	104,887	728,385
Total comprehensive income for the year	–	–	–	36,820	102,307	–	623,498	762,625	123,959	886,584
Distribution to non-controlling interests	–	–	–	–	–	–	–	–	(42,000)	(42,000)
2017 final dividend paid	–	–	–	–	–	–	(34,621)	(34,621)	–	(34,621)
2018 interim dividend paid	–	–	–	–	–	–	(17,311)	(17,311)	–	(17,311)
At 31 March 2018	115,404	547,748	41,242	25,920	204,722	174,497	5,512,368	6,621,901	982,384	7,604,285

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	For the year ended 31 March 2019 HK$'000	2018 HK$'000
Cash flows from operating activities		
Profit before taxation	**675,911**	752,736
Share of profits of associates	**(167,309)**	(133,469)
Increase in fair value of investment properties	**(366,503)**	(475,497)
Change in fair value of investments in equity instruments at FVTPL	**9,721**	–
Other gains and losses	**(394)**	(1,397)
Depreciation	**998**	1,814
Interest income	**(9,543)**	(5,207)
Finance costs	**69,087**	50,411
Dividend income		
– listed	**(8,391)**	(7,485)
– unlisted	**(520)**	(193)
Operating cash flows before working capital changes	**203,057**	181,713
Decrease in debtors, advances & prepayments	**5,275**	5,577
Increase in creditors & accruals	**2,036**	2,999
Proceeds on disposal of financial assets at fair value	**–**	2
Cash generated from operations	**210,368**	190,291
Hong Kong profits tax paid	**(15,381)**	(19,454)
Hong Kong profits tax refund	**38**	1,885
Net cash generated from operating activities	**195,025**	172,722
Cash flows from investing activities		
Increase in short-term bank deposits maturing after three months	**(12,270)**	–
Additions to investment properties	**(497)**	(6,903)
Available for sale investments:		
Purchase of available for sale investments	**–**	(6,578)
Distribution from available for sales investments	**–**	294
Proceeds on disposal of available for sale investments	**–**	112,306
Financial instruments:		
Purchase of investments in equity instruments designated at FVTOCI	**(16,314)**	–
Proceeds from return of capital of equity instruments designated at FVTOCI	**335**	–
Proceeds on disposal of investments in equity instruments designated at FVTOCI	**104,318**	–
Associates:		
Advance to associates	**(92,543)**	(4)
Repayment from associates	**9,673**	7,351
Distribution from associates	**17,364**	42,195
New/additional investment	**(1)**	(461,693)
Property, plant & equipment:		
Purchase of property, plant & equipment	**(33)**	(4,857)
Proceeds on disposal of property, plant & equipment	**–**	180
Dividend received from available for sale investments	**–**	7,625
Dividend received from financial assets at fair value	**–**	53
Dividend received from investments in equity instruments designated at FVTOCI	**8,911**	–
Interest received	**9,643**	4,732
Net cash generated from/(used in) investing activities	**28,586**	(305,299)

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Note	For the year ended 31 March 2019 HK$'000	2018 HK$'000
Cash flows from financing activities			
Bank loans raised		–	263,500
Repayment of bank loans		–	(263,500)
Repayment of obligations under finance lease		(321)	(269)
Interest paid		(61,787)	(44,288)
Other finance costs paid		(3,329)	(3,977)
Dividend paid to shareholders of the Company		(53,086)	(51,932)
Distributions to non-controlling shareholders of subsidiaries		(28,000)	(42,000)
Net cash used in financing activities		(146,523)	(142,466)
Net increase/(decrease) in cash and cash equivalents		77,088	(275,043)
Exchange difference		(14)	679
Cash and cash equivalents at the beginning of the year		198,109	472,473
Cash and cash equivalents at the end of the year		275,183	198,109
Analysis of the balances of cash and cash equivalents			
Bank balances, cash & deposits placed with banks up to three months' maturity	17	275,183	198,109

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General information

Pioneer Global Group Limited (the "Company") is a limited liability company, incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report. The principal activity of the Company is investment holding and the principal activities of its major subsidiaries and associates are shown in notes 32 and 33 respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is the functional currency of the Company.

(b) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The accounting policies and methods of computation used in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2018, except for the changes as set out below.

During the current year, the Company and its subsidiaries (collectively referred to as the "Group") has applied the following new HKFRSs and amendments to HKFRSs issued by the HKICPA for the first time:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new HKFRSs and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Statement of compliance *(continued)*

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognized as at 1 April 2018 (date of initial application of HKFRS 9) and has not applied the requirements to instruments that have already been derecognized as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognized in the opening retained earnings and other components of equity, without restating comparative information. Accordingly, certain comparative information which was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement" may not be comparable to the information presented for the year ended 31 March 2018.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 1(i).

Summary of effects arising from initial application of HKFRS 9

In general, HKFRS 9 categorizes financial assets into the following three classification categories:

- measured at amortized cost;
- at fair value through other comprehensive income (FVTOCI); and
- at fair value through profit or loss (FVTPL).

These classification categories are different from those set out in HKAS 39 which included held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Statement of compliance *(continued)*

Summary of effects arising from initial application of HKFRS 9 *(continued)*

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 as at 1 April 2018 (date of initial application).

	Available for sale investments	Financial assets at fair value	Debt instruments at FVTOCI	Equity instruments designated at FVTOCI	Equity instruments at FVTPL	Investment revaluation reserve	Retained earnings
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(a), (b), (d)	(c)	(b)	(a), (c)	(d)	(a), (b), (d)	(d)
Closing balance as at 31 March 2018 – HKAS 39	530,141	1,326	–	–	–	204,722	5,512,368
Effect arising from initial application of HKFRS 9: Reclassification	(530,141)	(1,326)	72,609	367,836	91,022	(29,794)	29,794
Opening balance as at 1 April 2018 – HKFRS 9	–	–	72,609	367,836	91,022	174,928	5,542,162

(a) Equity instruments with the aggregate carrying amount of HK$366,510,000 were classified as available for sale investments under HKAS 39 and measured at fair value. As at 1 April 2018, the Group designated these investments at FVTOCI (non-recycling), as these investments are not held for trading and not expected to be sold in the foreseeable future. The fair value gains of HK$174,700,000 relating to those investments previously carried at fair value continued to accumulate in investment revaluation reserve as at 1 April 2018.

(b) Listed debt securities with the aggregate carrying amount of HK$72,609,000 were classified as available for sale investments under HKAS 39 and measured at fair value. They are classified as debt instruments at FVTOCI under HKFRS 9, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. The fair value gains of HK$228,000 relating to those investments previously carried at fair value continued to accumulate in investment revaluation reserve as at 1 April 2018.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Statement of compliance *(continued)*

Summary of effects arising from initial application of HKFRS 9 *(continued)*

(c) The Group has reassessed its investments in equity securities classified as financial assets at fair value under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK$1,326,000 of the Group's investments were reclassified and designated to be measured at FVTOCI (non-recycling).

(d) Equity instrument with the aggregate carrying amount of HK$91,022,000 were classified as available for sale investments under HKAS 39 and measured at fair value. As at 1 April 2018, the investment was classified to equity instruments at FVTPL. Related fair value gains of HK$29,794,000 were transferred from the investment revaluation reserve to retained earnings as at 1 April 2018.

Impairment under ECL model

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore generally recognizes ECL earlier than under the "incurred loss" accounting model in HKAS 39.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on both quantitative and qualitative information combined with current conditions and forward-looking analysis. The Group evaluates the financial instruments on a collective basis, taking into account the instrument type, maturity date, and other relevant information with reference to the default rates of the counter parties of the instruments.

For financial assets at amortized cost, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the credit risk of the assets since initial recognition.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Statement of compliance *(continued)*

Impairment under ECL model *(continued)*

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets at amortized cost (including receivables & advances and cash & bank balances) for impairment based on a forward-looking approach. All of the Group's debt instruments at FVTOCI are fixed rate bonds issued by listed companies that are graded by the rating agencies in good credit rating. Therefore, these investments are considered to be low credit risk investments and the loss allowance is assessed on 12m ECL basis. The adoption of the new impairment model as at 1 April 2018 has had no material impact on the carrying value of the Group's financial assets.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The major sources of revenue of the Group are leasing of investment properties and provision of property management services. Revenue from leasing of investment properties continues to be accounted for in accordance with HKAS 17 "Leases", whereas revenue from the provision of property management services is accounted for under HKFRS 15.

The core principle of HKFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The directors of the Company have assessed the impact of the application of HKFRS 15 and concluded that there is no material impact on the timing and amounts of revenue recognized in the respective reporting periods.

Information about the Group's accounting policies and performance obligations resulting from application of the HKFRS 15 are disclosed in notes 1(p) and 4 respectively.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Statement of compliance *(continued)*

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for annual periods beginning on or after a date to be determined

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 "Leases"

The application of HKFRS 16 will result in almost all leases being recognized on a lessees' statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased asset) and a financial liability to pay rentals are to be recognized by a lessee. The only exceptions are short-term and low-value leases.

Under HKAS 17, the Group, as a lessee, has already recognized an asset and a related finance lease liability for finance lease arrangement. The application of HKFRS 16 may also result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Statement of compliance *(continued)*

HKFRS 16 "Leases" *(continued)*

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases (as a lessee).

As at 31 March 2019, the Group had operating lease commitments of HK$3,990,000 as disclosed in note 24. Upon adoption of HKFRS 16, the majority of operating lease commitments will be recognized in the consolidated statement of financial position 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. Based on the preliminary assessment, it is estimated that the impact to the Group's profit and total equity upon the adoption of HKFRS 16 is insignificant.

HKFRS 16 is mandatory for financial years commencing on or after 1 April 2019. The Group intends to apply the transitional provision and will not restate comparative amounts for the year prior to first adoption.

Apart from the above, there was no significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

(c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2019 incorporate the financial statements of the Company and its subsidiaries and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation of the financial statements *(continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

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

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its direct and indirect subsidiary companies and also incorporate the Group's interest in associates on the basis set out in note 1(f) below. Results of subsidiaries and associates acquired or disposed of during the year are included as from their effective dates of acquisition to 31 March 2019 or up to the dates of disposal as the case may be. The acquisition of subsidiaries is accounted for using the acquisition method.

(e) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with entity and had the ability to affect those returns through its power over the entity. When assessing whether the Group has power of controls, only substantive rights held by the Group are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests ("NCI") represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the group can elect to measure any NCI either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. NCI in the results of the group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the company.

In the Company's statement of financial position (see note 30), the investment in subsidiaries is stated at cost less any impairment losses.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Associates

An associate is an entity over which the Group has significant influence, but not control or joint control, over its management. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale. The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the group's equity investment. Thereafter, the investment is adjusted for the post-acquisition change in the group's share of the associate's net assets and any impairment loss relating to the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated statement of profit or loss, whereas the group's share of the post-acquisition, post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

The financial statements of associates used for equity accounting purpose, except for associates being investment entities, are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. The Group retains the fair value measurement applied by that investment entity associate to its interests in subsidiaries when applying the equity method in accordance with HKAS 28 "Investments in Associates and Joint Ventures". Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

In the Company's statement of financial position (see note 30), the investment in associates is stated at cost less any impairment losses.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Investment properties

Investment properties are land and/or buildings, which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. Investment properties are stated in the consolidated statement of financial position at fair value. Any gain or loss arising from a change in fair value is recognized in profit or loss. Rental income from investment properties is accounted for as described in note 1(p).

Subsequent costs are capitalized in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group.

(h) Property, plant & equipment

Property, plant & equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost over their estimated useful lives on the reducing balance method at 10-25% p.a..

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

(i) Financial instruments

Financial assets and financial liabilities are recognized when the Group's entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 1(b))

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 1(b)) (continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognized in profit or loss. All other changes in the carrying amount of these debt instruments are recognized in OCI and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these debt instruments had been measured at amortized cost. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial assets *(continued)*

(iii) Equity instruments designated at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "revenue" line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "revenue" line item.

Impairment of financial assets under ECL model on and after 1 April 2018

The Group recognizes a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including debtors, advances & prepayments and cash & bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on both quantitative and qualitative information combined with current conditions and forward-looking analysis.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets under ECL model on and after 1 April 2018 (continued)

The Group recognizes lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances. For financial assets measured subsequently at amortized cost, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on whether there have been significant increases in the credit risk of the assets since initial recognition.

Measurement and recognition of ECL

The measurement of ECL is a function of probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the discount rate determined at initial recognition. For a rental receivable, the Group measures rental receivable using 12m ECL.

Interest income is calculated based on the gross carrying amount of the financial assets unless the financial asset is credit impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Classification and measurement of financial assets before application of HKFRS 9 on 1 April 2018

The Group classifies its financial assets in the categories of financial assets at fair value, loans and receivables (including debtors and cash & bank balances) and available for sale investments. When financial assets are recognized initially, they are measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value) are deducted from fair value on initial recognition. Transaction costs that are directly attributable to financial assets at fair value are recognized immediately to profit or loss. The Group determines the classification of its investments after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial assets *(continued)*

Classification and measurement of financial assets before application of HKFRS 9 on 1 April 2018 (continued)

The financial instruments are grouped into 3 levels based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All regular way purchases and sales of investments are recognized on the trade date i.e. the date that the Group commits to purchase the assets. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the period generally established by regulation or convention in the market place.

(i) Financial assets at fair value

Financial assets held for short term trading purposes is classified as 'financial assets at fair value'. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses arising from changes in fair value are recognized in profit or loss.

(ii) Available for sale investments

Available for sale investments are those non-derivative financial assets that are designated as available for sale or are not classified in any other categories of financial assets. After initial recognition, available for sale investments are measured at fair value with gains or losses being recognized in other comprehensive income and accumulated in a separate component of equity until the investment is derecognized or the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial assets *(continued)*

(ii) Available for sale investments (continued)

If any objective evidence exists for impairment of available for sale investments, the accumulated loss which is measured as the difference between the acquisition cost and the current fair value, is classified to profit or loss.

In respect of equity investments, impairment losses previously recognized in profit or loss are not reserved through profit or loss. Any increase in fair value subsequently to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment of financial assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

***Financial assets** (continued)*

Impairment of financial assets (continued)

For financial assets carried at amortized cost, the amount of impairment loss is recognized as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When an item of trade receivables is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of available for sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial liabilities and equity instruments

Classification on debt or equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities (including creditors & accruals, secured bank loans and obligations under finance lease) are subsequently measured at amortized cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognized only when the contractual rights to receive cash flows from the assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivables is recognized in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Derecognition *(continued)*

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities are derecognized only when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(j) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than financial assets excluding investment in subsidiaries and associates to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(k) Leases

(i) Operating lease

Leases whereby substantially all the rewards and risks of ownership of assets remain with the leasing company are considered as operating leases. Rental income and expenses under operating leases are accounted for on a straight-line basis over the respective periods of the leases.

(ii) Finance lease

Assets acquired pursuant to finance leases and hire purchase contracts that transfer to the Group substantially all the rewards and risks of ownership are accounted for as if purchased.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Leases *(continued)*

(ii) Finance lease (continued)

Finance leases are capitalized at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Lease payments are treated as consisting of capital and interest elements. The capital element of the leasing commitment is included as a liability and the interest element is charged to profit or loss.

(l) Debtors

Receivables from debtors are recognized when the group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see note 1(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks repayable within three months from the date of placement, less bank overdrafts and advances from banks repayable within three months from the date of advance. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 1(i).

(n) Bank loans and interest-bearing borrowings

Bank loans and interest-bearing borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to raising of the bank loans and interest-bearing borrowings. They are subsequently stated at amortized cost. Any difference between the cost and the redemption value is recognized in profit or loss over the period of the bank loans and interest-bearing borrowings using the effective interest rate method.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Creditors

Payables to creditors are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost. Creditors are classified as current liabilities if payment is due within one year or less; otherwise, they are presented as non-current liabilities.

(p) Revenue recognition

The Group recognizes revenue from the following major sources:

- Rental income from property leasing
- Provision of property management services
- Dividend income from investments
- Interest income

Upon application of HKFRS 15 at 1 April 2018 and after

Revenue is measured at the fair value of the consideration received or receivable.

HKFRS 15 introduces a 5-step approach when recognizing revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Revenue recognition *(continued)*

Upon application of HKFRS 15 at 1 April 2018 and after *(continued)*

Under HKFRS 15, the Group recognizes revenue when (or as) a performance obligation is satisfied i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents goods and services (or a bundle of goods or services) that are distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- 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 customer obtains control of the distinct goods or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Revenue recognition *(continued)*

***Upon application of HKFRS 15 at 1 April 2018 and after** (continued)*

Further details of the Group's revenue recognition policies are as follows:

(i) Rental income (outside the scope of HKFRS 15)

Rental income is recognized on a straight-line basis over the periods of the leases.

(ii) Provision of property management services (within the scope of HKFRS 15)

Revenue from provision of property management services is recognized over time.

(iii) Dividend income (outside the scope of HKFRS 15)

Dividend income from investments is recognized when the right to receive payment have been established.

(iv) Interest income (outside the scope of HKFRS 15)

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognize revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Revenue recognition *(continued)*

Policy prior to 1 April 2018

(i) Rental income

Rental income is recognized on a straight-line basis over the periods of the leases.

(ii) Rendering of services

Services income is recognized when the services are rendered and billed to clients.

(iii) Dividend income

Dividend income from investments is recognized when the right to receive payment have been established.

(iv) Interest income

Interest income is recognized on a time proportion basis, by reference to the principal outstanding and at the effective interest applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(q) Foreign currencies

The functional and presentation currency of the Company, subsidiaries and associates which operate in Hong Kong is in Hong Kong dollars. Certain overseas subsidiaries and associates which operate overseas are in their respective local currencies.

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the year end date are translated at the applicable rates ruling at that date. Exchange differences are dealt with in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Foreign currencies *(continued)*

On consolidation, the statement of profit or loss of overseas subsidiaries and associates are translated into Hong Kong dollars at the average exchange rates for the year, and their statements of financial position are translated into Hong Kong dollars at the exchange rates ruling at the year end date. The resulting translation differences are recognized in other comprehensive income.

(r) Employee benefits

The Group participates in a defined contribution mandatory provident fund retirement benefits scheme in compliance with the Mandatory Provident Fund Schemes Ordinance. The assets of this scheme are held separately from those of the Group and administered independently. The Group's contributions are recognized in the statement of profit or loss when incurred. The amount of contributions by the Group is based on a specified percentage of the monthly relevant income of the eligible employees. Forfeited contributions of the fund will be used to reduce the existing retirement scheme costs.

(s) Taxation

Income tax expense represents the sum of the tax currently payable and the deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Taxation *(continued)*

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income directly in equity, in which case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax 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 tax assets and liabilities relate to income tax 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.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized on a time apportionment basis, taking into account the principal and the effective interest rates. They are charged to the profit or loss in the period in which they are incurred.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Related parties

(i) A person or a close member of that person's family is related to the Group if that person:

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

(2) has significant influence over the Group; or

(3) is a member of key management personnel of the Group or the Group's holding company.

(ii) An entity is related to the Group if any of the following conditions apply:

(1) The entity and the Group are members of the same Group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Related parties *(continued)*

(ii) An entity is related to the Group if any of the following conditions apply: *(continued)*

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of key management personnel of the entity (or of the holding company of the entity).

(8) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the holding company of the reporting entity.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from these involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties of subsidiaries and associates that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties portfolio and concluded that the fair value of the Group's investment properties located in Hong Kong will be recovered through sale. Therefore, in measuring the Group's deferred taxation on investment properties located in Hong Kong, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

For the Group's investment properties located in the People's Republic of China ("PRC"), the directors of the Company concluded that they are being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation arising from investment properties located in the PRC, the directors of the Company determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

As a result, the Group has not recognized any deferred tax on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties. In respect of those investment properties located in the PRC, the Group recognized additional deferred taxes based on Enterprise Income Tax upon disposal on changes in fair value of such investment properties as appropriate.

Key sources of estimation uncertainty

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

Valuation of investment properties

At the end of the reporting period, the Group's investment properties are stated at fair value of HK$7,525,000,000 (2018: HK$7,158,000,000) based on the valuations conducted by AA Property Services Limited, independent professional valuers, with reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalization of rental income from properties.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Valuation of investment properties *(continued)*

In relying on the valuations, the management of the Group has exercised their judgments and is satisfied that the method of valuation is reflective of the current market conditions. Details of the carrying amounts of investment properties as at 31 March 2019 are disclosed in note 12.

Fair value measurement of financial instruments

Certain of the Group's financial assets amounting to HK$209,395,000 as at 31 March 2019 are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See note 14 for further disclosures.

Valuation of available for sale investments, prior to 1 April 2018

As at 31 March 2018, the Group's available for sale investments are stated at fair value of HK$530,141,000 based on market-observable data to the extent it is available. When level 1 inputs are not available, the Group establish appropriate valuation techniques and inputs for level 2 and level 3 fair value measurements.

In relying on the valuations, the management of the Group has exercised their judgements and is satisfied that the method of valuation is reflective of current market conditions. Details of the carrying amounts of available for sale investments as at 31 March 2018 are disclosed in note 14.

3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's primary business segments. In accordance with the internal financial reporting of the Group provided to the chief operating decision maker (i.e. Board of Directors) for the purposes of allocating resources to segments, assessing their performance and making strategic decisions, the reportable and operating segments are:

(i) property and hotels – investment in property and hotels that earn rental and returns in hotel operation; and

(ii) investments and others – other investments that generate dividend and interest income.

The following is an analysis of the Group's revenue and result by reportable and operating segments for the year under review:

Segment Result

For the year ended 31 March 2019 (31 March 2018)

	Property and hotels		Investments and others		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Company and subsidiaries	**272,107**	251,691	**18,826**	12,885	**290,933**	264,576
Segment result	**202,977**	180,417	**17,720**	11,799	**220,697**	192,216
Unallocated corporate expenses					**(184)**	(330)
Operating profit					**220,513**	191,886
Share of profits of associates	**167,309**	133,469	**–**	–	**167,309**	133,469
Change in fair value of investment properties	**366,503**	475,497	**–**	–	**366,503**	475,497
Change in fair value of investments in equity instruments at FVTPL	**(9,721)**	–	**–**	–	**(9,721)**	–
Other gains and losses	**–**	1,465	**394**	830	**394**	2,295
Finance costs					**(69,087)**	(50,411)
Profit before taxation					**675,911**	752,736

Segment result represents the profit earned by each segment without allocation of general administrative expenses incurred by corporate office, share of profits of associates, change in fair value of investment properties, change in fair value of investments in equity instruments at FVTPL, other gains and losses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

3. SEGMENT INFORMATION *(continued)*

Segment Assets and Liabilities

As at 31 March 2019 (31 March 2018)

	Property and hotels		Investments and others		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**7,806,109**	7,448,068	**460,657**	470,251	**8,266,766**	7,918,319
Investment in associates	**2,337,377**	2,111,862	**–**	–	**2,337,377**	2,111,862
Consolidated total assets					**10,604,143**	10,030,181
Segment liabilities	**(2,439,791)**	(2,424,565)	**(920)**	(646)	**(2,440,711)**	(2,425,211)
Unallocated corporate liabilities					**(1,283)**	(685)
Consolidated total liabilities					**(2,441,994)**	(2,425,896)

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable and operating segments other than investment in associates.

– all liabilities are allocated to reportable and operating segments other than creditors and accruals of investment holding companies.

Other Information

Amounts included in the measure of segment profit or loss or segment assets:

	Property and hotels		Investments and others		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Capital expenditure	**93,041**	468,596	**16,347**	11,745	**109,388**	480,341
Depreciation	**998**	1,814	**–**	–	**998**	1,814

3. SEGMENT INFORMATION *(continued)*

Geographical Segments

In geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. Overseas segments mainly include China, Thailand and Malaysia.

For the year ended 31 March 2019 (31 March 2018)

	Segment revenue		**Segment assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**285,882**	259,777	**7,945,911**	7,506,987
Overseas	**5,051**	4,799	**320,855**	411,332
	290,933	264,576	**8,266,766**	7,918,319

For the year ended 31 March 2019, a customer contributed revenue of HK$29,648,000 to the Group, which accounted for about 11% of the Group's revenue. No single customer contributed more than 10% of the Group's revenue for the year ended 31 March 2018.

4. REVENUE

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Property expenses recovery from tenants *(Note)*	**41,743**	35,447
Revenue from other sources		
Rental income from property leasing	**230,364**	216,244
Dividend income		
– equity instruments designated at FVTOCI	**8,911**	–
– available for sale investments	**–**	7,678
Interest income		
– financial assets at amortized cost	**7,496**	1,996
– debt instruments at FVTOCI	**2,047**	–
– available for sale investments	**–**	3,211
Others	**372**	–
	290,933	264,576

Note: The Group provides property management services to tenants. Such income is recognized over time.

5. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Net gain on disposal of available for sale investments	**–**	1,044
Decrease in fair value of financial assets	**–**	(21)
Other gains	**394**	1,272
	394	2,295

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank loans	**64,009**	44,342
Interest on finance lease	**53**	57
Other finance costs	**5,025**	6,012
	69,087	50,411

7. PROFIT BEFORE TAXATION

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**19,290**	21,075
Minimum lease payment for Directors' quarters	**3,120**	2,850
Pension scheme contributions	**233**	225
Auditor's remuneration	**589**	560
Depreciation	**998**	1,814
Net exchange loss/(gain)	**14**	(422)
and after crediting:		
Rental income from property leasing	**230,364**	216,244
Add: other income/less: (direct outgoings)	**147**	(5,069)
Listed investment income	**8,391**	7,485
Unlisted investment income	**520**	193
Interest income	**9,543**	5,207

8. TAXATION

(a) Taxation

	2019			2018		
	Current taxation	**Deferred taxation**	**Total**	Current taxation	Deferred taxation	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Provision for the year						
Hong Kong	**14,962**	**7,390**	**22,352**	16,724	6,817	23,541
Overseas	**–**	**1,250**	**1,250**	–	850	850
Under/(over)-provision in prior years	**260**	**–**	**260**	(40)	–	(40)
	15,222	**8,640**	**23,862**	16,684	7,667	24,351

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regimes was insignificant to the consolidated financial statements.

Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

8. TAXATION *(continued)*

(b) Reconciliation between accounting profits and the taxation charge

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation	**675,911**	752,736
Less: Share of profits of associates, net of tax	**(167,309)**	(133,469)
Profit before taxation attributable to the Company and its subsidiaries	**508,602**	619,267
Tax calculated at applicable tax rate of 16.5% (2018: 16.5%)	**83,919**	102,179
Effect of different applicable tax rate for operations in overseas	**480**	339
Expenses not deductible for taxation purposes	**1,552**	1,002
Income not subject to taxation	**(63,233)**	(79,143)
Current year tax losses not recognized	**1,056**	135
Utilization of previously unrecognized tax loss	**(172)**	(121)
Under/(over)-provision in prior years	**260**	(40)
Taxation charge	**23,862**	24,351

9. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Interim dividend of HK1.5 cents (2018: HK1.5 cents) per ordinary share	**17,311**	17,311
Proposed final cash dividend of HK3.1 cents (2018: HK3.1 cents) per ordinary share	**35,775**	35,775
	53,086	53,086
The dividends which have been paid during the year by cash are as follows:		
Interim for the year ended 31 March 2019 (2018)	**17,311**	17,311
Final for the year ended 31 March 2018 (2017)	**35,775**	34,621
	53,086	51,932

The 2019 final cash dividend of HK3.1 cents (2018: HK3.1 cents) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to ordinary shareholders of the Company amounting to HK$539,701,000 (2018: HK$623,498,000) and on 1,154,038,656 shares (2018: 1,154,038,656 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2019 and 31 March 2018 as the Company had no dilutive potential ordinary shares during both years.

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Directors' fee *HK$'000*	Salaries, allowances and benefits *HK$'000*	Discretionary bonus* *HK$'000*	Pension scheme contributions *HK$'000*	2019 Total *HK$'000*
Executive Directors					
Rossana Wang Gaw	55	2,827	1,100	–	3,982
Goodwin Gaw	55	496	1,200	2	1,753
Kenneth Gaw	55	4,367	2,200	18	6,640
Christina Gaw	55	282	800	14	1,151
Alan Kam Hung Lee	55	1,634	1,500	18	3,207
Independent Non-executive Directors					
Charles Wai Bun Cheung, JP	100	–	–	–	100
Stephen Tan	100	–	–	–	100
Arnold Tin Chee Ip	100	–	–	–	100
Total	575	9,606	6,800	52	17,033

	Directors' fee *HK$'000*	Salaries, allowances and benefits *HK$'000*	Discretionary bonus* *HK$'000*	Pension scheme contributions *HK$'000*	2018 Total *HK$'000*
Executive Directors					
Rossana Wang Gaw	55	2,776	1,100	–	3,931
Goodwin Gaw	55	465	1,500	–	2,020
Kenneth Gaw	55	3,986	2,500	18	6,559
Christina Gaw	55	267	1,200	14	1,536
Alan Kam Hung Lee	55	1,565	1,500	18	3,138
Independent Non-executive Directors					
Charles Wai Bun Cheung, JP	100	–	–	–	100
Stephen Tan	100	–	–	–	100
Arnold Tin Chee Ip	100	–	–	–	100
Total	575	9,059	7,800	50	17,484

* The bonus is determined based on performance of the Group and the current market environment.

No directors waived any emoluments in the years ended 31 March 2019 and 31 March 2018.

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

(b) Other senior management's emoluments

For the years ended 31 March 2019 and 2018, all of the five highest paid individuals are directors. Details of whose emoluments are included above.

12. INVESTMENT PROPERTIES

	2019	2018
	HK$'000	*HK$'000*
At valuation at 31 March 2018 (31 March 2017)	**7,158,000**	6,675,600
Additions	**497**	6,903
Revaluation	**366,503**	475,497
At 31 March 2019 (31 March 2018)	**7,525,000**	7,158,000

All the Group's property interests held under operating lease to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Investment properties have been valued at 31 March 2019 and 2018 by AA Property Services Limited, independent professional valuers, who have recognized relevant professional qualifications and experiences in valuation of properties. The directors of the Company had on-going discussions with the surveyors upon producing the valuation reports in respect of valuation assumption use and other inputs relevant for the valuations of the Group's investment properties.

The following table presents the investment properties measured at fair value at 31 March 2019 and 2018 on a recurring basis, categorized into level 3 under the fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". Inputs used in determining fair value measurement are categorized into different levels based on the extent of observable and unobservable inputs being used in the valuation technique.

12. INVESTMENT PROPERTIES *(continued)*

Descriptions	Fair value *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*
As at 31 March 2019		
Investment properties		
In Hong Kong	**7,497,000**	**7,497,000**
In Mainland China	**28,000**	**28,000**
	7,525,000	**7,525,000**
As at 31 March 2018		
Investment properties		
In Hong Kong	7,135,000	7,135,000
In Mainland China	23,000	23,000
	7,158,000	7,158,000

During the year, there were no transfers between level 1 and 2, or transfer in and out of level 3. The Group's policy is to recognize transfer as at the end of the reporting period in which they occur.

As at 31 March 2019 and 2018, the fair value of the investment properties was determined on the basis of capitalization of the net income receivable with due allowance for reversionary income potential.

12. INVESTMENT PROPERTIES *(continued)*

Information about fair value measurement using significant unobservable inputs

2019

Descriptions	**Fair value as at 31 March 2019** *HK$'000*	**Valuation techniques**	**Unobservable inputs**	**Range of unobservable inputs**	**Relationship of unobservable inputs to fair value**
Properties in Hong Kong	7,497,000	Investment approach	(i) Capitalization rate	2.4% – 4.3%	The higher the capitalization rate, the lower the fair value
			(ii) Market rent	HK$8 – $94/ft^2 per month	The higher the market rent, the higher the fair value
Properties in Mainland China	28,000	Investment approach	(i) Capitalization rate	2.6%	The higher the capitalization rate, the lower the fair value
			(ii) Market rent	RMB109/m^2 per month	The higher the market rent, the higher the fair value

2018

Descriptions	Fair value as at 31 March 2018 *HK$'000*	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Hong Kong	7,135,000	Investment approach	(i) Capitalization rate	2.4% – 4.2%	The higher the capitalization rate, the lower the fair value
			(ii) Market rent	HK$8-$89/ft^2 per month	The higher the market rent, the higher the fair value
Properties in Mainland China	23,000	Investment approach	(i) Capitalization rate	2.8%	The higher the capitalization rate, the lower the fair value
			(ii) Market rent	RMB90/m^2 per month	The higher the market rent, the higher the fair value

The fair value measurement of investment properties is based on the highest and best use, which does not differ from their actual use.

13. ASSOCIATES

	2019	2018
	HK$'000	*HK$'000*
Cost of investment	**219,623**	219,622
Share of post-acquisition reserves	**857,234**	714,590
	1,076,857	934,212
Amounts due from associates	**1,260,520**	1,177,650
	2,337,377	2,111,862

The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. The directors of the Company consider that the amounts due from associates as at the end of the reporting period form part of the net investments in the relevant associates (i.e. deemed capital contribution to the associates).

Particulars of the Group's major associates as at 31 March 2019 and 31 March 2018 are set out in note 33.

	2019	2018
	HK$'000	*HK$'000*
Carrying value of the material associate in the consolidated financial statements:		
Supreme Key Limited	**1,606,174**	1,473,519
Aggregate carrying value of associates that are not individually material in the consolidated financial statements	**731,203**	638,343
	2,337,377	2,111,862

13. ASSOCIATES *(continued)*

Summary of financial information of the material associate, Supreme Key Limited (accounted for as an investment entity), is as follows:

	Supreme Key Limited	
	2019	2018
	HK$'000	*HK$'000*
Non-current assets	**5,305,355**	4,767,690
Current assets	**12,802**	109,109
Non-current liabilities	**(3,734,312)**	(3,734,313)
Current liabilities	**(116,131)**	(148,902)
Net assets	**1,467,714**	993,584
Revenue		
Net change in unrealized appreciation on financial assets at fair value through profit or loss	**424,740**	140,467
Dividend and interest income	**49,577**	175,644
	474,317	316,111
Profit for the year	**474,130**	315,509
Other comprehensive income	**–**	–
Total comprehensive income	**474,130**	315,509
Dividend received from the associate	**–**	–
Reconciled to the Company's interest on the associate:		
Gross amounts of net assets of the associate	**1,467,714**	993,584
Group's effective interest	**30.0%**	30.0%
Group's share of net assets of the associate	**440,314**	298,075
Amount due from the associate	**1,165,860**	1,175,444
Carrying value of the associate in the consolidated financial statements	**1,606,174**	1,473,519

13. ASSOCIATES *(continued)*

Aggregate financial information of associates that are not individually material:

	2019	2018
	HK$'000	*HK$'000*
Aggregate carrying value of associates that are not individually material in the consolidated financial statements	**731,203**	638,343
Aggregate amounts of the Group's share of those associates:		
Profit for the year	**25,070**	34,197
Other comprehensive (expense)/income	**(7,301)**	36,820
Total comprehensive income	**17,769**	71,017

14. INVESTMENTS IN DEBT INSTRUMENTS AT FVTOCI/EQUITY INSTRUMENTS DESIGNATED AT FVTOCI/EQUITY INSTRUMENTS AT FVTPL/AVAILABLE FOR SALE INVESTMENTS/FINANCIAL ASSETS AT FAIR VALUE

	2019	2019	2019	2019	2018	2018	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments in debt instruments at FVTOCI *(note a)*								
Debt securities								
Listed in Hong Kong	3,342	–	–	3,342	–	–	–	–
Listed outside Hong Kong	69,699	–	–	69,699	–	–	–	–
	73,041	–	–	73,041	–	–	–	–
Less: Investments in debt instruments at FVTOCI classified as current assets	(71,134)	–	–	(71,134)	–	–	–	–
Investments in debt instruments at FVTOCI classified as non-current assets	1,907	–	–	1,907	–	–	–	–
Investments in equity instruments at FVTPL *(note b)*								
Equity investments classified as non-current assets								
Unlisted outside Hong Kong	–	–	81,301	81,301	–	–	–	–
Investments in equity instruments at FVTOCI *(note c)*								
Equity investments classified as non-current assets								
Listed in Hong Kong	143,733	–	–	143,733	–	–	–	–
Listed outside Hong Kong	1,440	–	–	1,440	–	–	–	–
Unlisted in Hong Kong	–	–	37	37	–	–	–	–
Unlisted outside Hong Kong	–	–	128,057	128,057	–	–	–	–
	145,173	–	128,094	273,267	–	–	–	–

14. INVESTMENTS IN DEBT INSTRUMENTS AT FVTOCI/EQUITY INSTRUMENTS DESIGNATED AT FVTOCI/EQUITY INSTRUMENTS AT FVTPL/AVAILABLE FOR SALE INVESTMENTS/FINANCIAL ASSETS AT FAIR VALUE *(continued)*

	2019	2019	2019	2019	2018	2018	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value								
Equity investments classified as current assets								
Listed outside Hong Kong	–	–	–	–	1,326	–	–	1,326
Available for sale investments								
Debt securities/investment funds classified as non-current assets *(note a)*								
Listed in Hong Kong	–	–	–	–	6,971	–	–	6,971
Listed outside Hong Kong	–	–	–	–	69,211	–	–	69,211
Unlisted outside Hong Kong	–	–	–	–	–	–	6,274	6,274
	–	–	–	–	76,182	–	6,274	82,456
Equity investments classified as non-current assets *(notes b, c)*								
Listed in Hong Kong	–	–	–	–	145,437	–	–	145,437
Listed outside Hong Kong	–	–	–	–	105,367	–	–	105,367
Unlisted in Hong Kong	–	–	–	–	–	–	37	37
Unlisted outside Hong Kong	–	–	–	–	–	105,537	91,307	196,844
	–	–	–	–	250,804	105,537	91,344	447,685
	–	–	–	–	326,986	105,537	97,618	530,141
	218,214	–	209,395	427,609	328,312	105,537	97,618	531,467

14. INVESTMENTS IN DEBT INSTRUMENTS AT FVTOCI/EQUITY INSTRUMENTS DESIGNATED AT FVTOCI/EQUITY INSTRUMENTS AT FVTPL/AVAILABLE FOR SALE INVESTMENTS/FINANCIAL ASSETS AT FAIR VALUE *(continued)*

(a) Upon the adoption of HKFRS 9 on 1 April 2018, the Group's investments in listed debt instruments were measured at FVTOCI. As at 31 March 2018, these investments were classified as available for sale investments.

The fair value of the listed investments is measured using quoted prices in active market (level 1 inputs). They are derived from the current bid price of the listed debt securities at reporting date. The Group's investments in debt instruments mainly comprise instruments that have a low risk of default and the counterparties have a strong capacity to repay. They bear a fixed coupon interest rate of ranging from 2.75% to 5.55% per annum and with maturity dates from 18 May 2019 to 12 March 2025. Instruments with maturity dates before 31 March 2020 are classified under current assets.

(b) The unlisted equity instruments at FVTPL represents a 4% ownership in a company which indirectly holds an investment property in Shanghai, PRC for rental income ("Shanghai Investment"). As at 31 March 2018, this investment was classified as available for sale investment.

The fair value of the Shanghai Investment amounted to HK$81,301,000 (2018: HK$91,022,000) was classified as level 3 of which the significant portion of the fair value of the investment comes from the investment property and bank borrowings. The fair value of the investment property as at 31 March 2019 amounted to RMB4,454,000,000 (equivalent to approximately HK$5,144,370,000) (2018: RMB4,411,000,000, equivalent to approximately HK$5,408,327,000). The fair value of the investment property was measured by an independent valuer engaged by the management of the investee.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment property of the Shanghai Investment:

	Valuation technique	Significant unobservable inputs	Range or weighted average of unobservable inputs	Relationship of unobservable inputs to fair value
Commercial property	Income capitalization method	Investment yield	5.0%-6.0% (2018: 5.0%-6.0%)	The higher the investment yield, the lower the fair value
		Market rent		
		Office portion	RMB9.41/m^2/day (2018: RMB9.22/m^2/day)	The higher the market rent, the higher the fair value
		Retail portion	RMB12.23/m^2/day (2018: RMB12.12/m^2/day)	

14. INVESTMENTS IN DEBT INSTRUMENTS AT FVTOCI/EQUITY INSTRUMENTS DESIGNATED AT FVTOCI/EQUITY INSTRUMENTS AT FVTPL/AVAILABLE FOR SALE INVESTMENTS/FINANCIAL ASSETS AT FAIR VALUE *(continued)*

(c) The listed equity investments represent our investment in the ordinary shares of an entity listed in Hong Kong and outside Hong Kong. As at 31 March 2018, these investments were classified as available for sale investments and financial assets at fair value with fair value amounted HK$366,510,000 and HK$1,326,000 respectively. These investments are assessed and concluded by the directors of the Company as at the date of initial application of HKFRS 9 (i.e. 1 April 2018) that they are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments as equity instruments at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run. The fair value of the listed investments is measured using quoted prices in active market (level 1 inputs). They are derived from the current bid price of the listed shares at reporting date.

The directors of the Company have elected to designate investments in unlisted equity instruments at FVTOCI as they believe that these investments would bring long-term value to the Group. The major investment in unlisted equity instruments designated at FVTOCI represents a 9.75% ownership in a Malaysian private company with principal operation in property development in Malaysia ("Malaysian Investment") with fair value amounted HK$105,537,000 (2018: HK$105,537,000 and classified as available for sale investment). The fair value measurement of Malaysian Investment as at 31 March 2018 was based on a market transaction that took place close to the end of the reporting period. The fair value measurement changed from level 2 to level 3 as at 31 March 2019 because there was no recent sale and purchase transaction for the year ended 31 March 2019 for reference. The management of the Company used methodology based on available market observable comparable data. The factors to be considered in assessment, including but not limited to properties and land portfolio, market trend in Malaysia and economic performance in Malaysia, which may require judgement. After the assessment, the management concluded that there was no material change of the fair value of the investment.

In the current year, the Group disposed of the investment in Dusit Thani Public Company Limited, at a consideration of Baht 434,589,000 (equivalent to approximately HK$106,518,000), which was also the fair value as at the date of disposal as the investment no longer meets the investment objective of the Group after group restructuring carried out by the investee. A cumulative gain on disposal of HK$69,958,000 has been transferred to retained earnings.

14. INVESTMENTS IN DEBT INSTRUMENTS AT FVTOCI/EQUITY INSTRUMENTS DESIGNATED AT FVTOCI/EQUITY INSTRUMENTS AT FVTPL/AVAILABLE FOR SALE INVESTMENTS/FINANCIAL ASSETS AT FAIR VALUE *(continued)*

The following table shows the movement of Level 3 financial instruments during the years:

	2019 ***HK$'000***	2018 *HK$'000*
At 1 April 2018 (1 April 2017)	**97,618**	117,109
Additions	**16,314**	1,622
Return of capital	**(334)**	(176)
Transfer from/(to) level 2 *(Note)*	**105,537**	(105,537)
Total gains or losses recognized due to change in fair value of investments:		
In profit or loss	**(9,721)**	–
In other comprehensive income	**(19)**	84,600
At 31 March 2019 (31 March 2018)	**209,395**	97,618

Note: The Group's policy is to recognize transfer as at the end of the reporting period in which they occur.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost				
At 31 March 2017	296	238	3,120	3,654
Additions	4,777	16	643	5,436
Disposals	–	–	(1,168)	(1,168)
Written-off	–	(119)	–	(119)
At 31 March 2018	5,073	135	2,595	7,803
Additions	–	33	–	33
Written-off	–	(28)	–	(28)
At 31 March 2019	**5,073**	**140**	**2,595**	**7,808**
Accumulated depreciation				
At 31 March 2017	254	120	1,438	1,812
Charge for the year	1,441	21	352	1,814
Eliminated on disposals	–	–	(721)	(721)
Eliminated on written off	–	(81)	–	(81)
At 31 March 2018	1,695	60	1,069	2,824
Charge for the year	676	17	305	998
Eliminated on written off	–	(18)	–	(18)
At 31 March 2019	**2,371**	**59**	**1,374**	**3,804**
Net book value				
At 31 March 2019	**2,702**	**81**	**1,221**	**4,004**
At 31 March 2018	3,378	75	1,526	4,979

The net book value of motor vehicles of HK$1,221,000 (2018: HK$1,526,000) includes an amount of HK$1,131,000 (2018: HK$1,414,000) in respect of assets held under finance lease.

16. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2019	2018
	HK$'000	*HK$'000*
Deferred rental receivables	**9,928**	13,146
Other deposits and prepayments	**5,940**	6,796
Trade and rental debtors	**4,639**	5,522
	20,507	25,464

Trade and rental debtors mainly comprise rental receivables. Rents from leasing of investment properties are normally received in advance.

At the reporting date, the aging analysis of the trade and rental debtors based on the date of invoices and which are past due but not impaired was as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**4,367**	5,239
31 – 60 days	**111**	269
61 – 90 days	**60**	6
> 90 days	**101**	8
	4,639	5,522

The Group considered the above trade and rental debtors are fully recoverable. The Group has not recognized any expected credit losses for the year ended 31 March 2019 and provision for bad and doubtful debts for the year ended 31 March 2018.

17. CASH & BANK BALANCES

	2019	2018
	HK$'000	*HK$'000*
Cash at bank and in hand	**34,091**	59,602
Short-term bank deposits	**241,092**	138,507
Cash and cash equivalents	**275,183**	198,109
Short-term bank deposits maturing after three months	**12,270**	–
	287,453	198,109

Bank balances of HK$54,154,000 (2018: HK$52,596,000) were charged by the lending banks to secure payment of bank loan interest.

The effective interest rate on short-term bank deposits was 2.34% p.a. (2018: 2.21% p.a.).

For the year ended 31 March 2019, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

The cash and bank balances were denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
Hong Kong dollars	**139,337**	66,950
United States dollars	**147,842**	130,961
Others	**274**	198
	287,453	198,109

18. SHARE CAPITAL

	Number of Shares of HK$0.10 each	*HK$'000*
Authorized		
At 31 March 2019 and 31 March 2018	2,000,000,000	200,000
Issued and fully paid		
At 31 March 2019 and 31 March 2018	1,154,038,656	115,404

19. CREDITORS & ACCRUALS

	2019 *HK$'000*	2018 *HK$'000*
Creditors and accruals (due within one year)		
Rental deposit received	**24,657**	25,719
Accruals	**13,846**	11,122
Trade payables	**6,015**	5,359
	44,518	42,200
Creditors and accruals (due more than one year)		
Rental deposit received	**49,066**	47,073
	93,584	89,273

At the reporting date, the aging analysis of the trade payables based on the date of the invoices was as follows:

	2019 *HK$'000*	2018 *HK$'000*
0 – 30 days	**5,364**	3,885
31 – 60 days	**319**	1,008
61 – 90 days	**153**	380
> 90 days	**179**	86
	6,015	5,359

20. SECURED BANK LOANS

	2019	2018
	HK$'000	*HK$'000*
Current		
Repayable within one year	**400,000**	1,015,804
Non-current		
Repayable more than one year but not exceeding two years	**863,500**	400,000
Repayable more than two years but not exceeding five years	**1,017,500**	863,500
	1,881,000	1,263,500

As at 31 March 2019 and 2018, all bank loans were denominated in Hong Kong dollars. The effective interest rate at the year end date was 2.52% p.a. (2018: 2.15% p.a.).

21. OBLIGATIONS UNDER FINANCE LEASE

	2019	2018
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current liabilities	**343**	320
Non-current liabilities	**664**	1,008
	1,007	1,328

It is the Group's policy to lease certain of its property, plant and equipment under finance lease. The average lease term is 3 to 5 years (2018: 3 to 5 years). Interest rates underlying the obligations under finance lease are fixed at respective contract date ranging from 2% to 3.7% per annum (2018: 2% to 3.7% per annum). As at 31 March 2019, the minimum lease payment and present value of minimum lease payment are approximately HK$1,046,000 (2018: HK$1,420,000) and HK$1,007,000 (2018: HK$1,328,000) respectively.

22. DEFERRED TAXATION

For the purposes of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The components of deferred tax balance recognized in the consolidated statement of financial position and movements thereon during the current and prior years are as follows:

	Revaluation of investment properties *HK$'000*	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 31 March 2017	2,913	49,026	(4,436)	47,503
Charge to profit or loss	850	5,903	914	7,667
At 31 March 2018	3,763	54,929	(3,522)	55,170
At 31 March 2018	3,763	54,929	(3,522)	55,170
Charge to profit or loss	1,250	5,621	1,769	8,640
At 31 March 2019	**5,013**	**60,550**	**(1,753)**	**63,810**

At the end of the reporting period, the Group has unused tax losses of HK$19,025,000 (2018: HK$24,915,000) available for offsetting against future profits. The losses may be carried forward indefinitely. A deferred tax asset has been recognized in respect of HK$10,624,000 (2018: HK$21,348,000) of such losses.

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payable (included in accruals) *HK$'000*	Secured bank loans *HK$'000*	Obligations under finance lease *HK$'000*	Total *HK$'000*
At 1 April 2018	966	2,279,304	1,328	2,281,598
Changes from financing cash flows:				
Finance lease principal repayment	–	–	(321)	(321)
Interest paid	(61,734)	–	(53)	(61,787)
Other finance costs paid	–	(3,329)	–	(3,329)
Other non-cash change:				
Finance costs	64,009	5,025	53	69,087
At 31 March 2019	**3,241**	**2,281,000**	**1,007**	**2,285,248**

	Interest payable (included in accruals) *HK$'000*	Secured bank loans *HK$'000*	Obligations under finance lease *HK$'000*	Total *HK$'000*
At 1 April 2017	855	2,277,269	1,018	2,279,142
Bank loans raised	–	263,500	–	263,500
Repayment of the bank loans	–	(263,500)	–	(263,500)
Changes from financing cash flows:				
Finance lease principal repayment	–	–	(269)	(269)
Interest paid	(44,231)	–	(57)	(44,288)
Other finance costs paid	–	(3,977)	–	(3,977)
Other non-cash changes:				
Finance costs	44,342	6,012	57	50,411
New finance lease	–	–	579	579
At 31 March 2018	966	2,279,304	1,328	2,281,598

24. GUARANTEES & COMMITMENTS

	2019 *HK$'000*	2018 *HK$'000*
Guarantees		
– given to a bank by the Company in respect of banking facilities utilized by subsidiaries of the Company	**1,879,800**	1,878,200
Commitments (contracted but not provided for)		
– for total future minimum lease payments in respect of land and buildings		
– not later than one year	**2,670**	3,120
– later than one year and not later than five years	**1,320**	1,350
– for purchase of available for sale investments		
– not later than one year	**–**	3,060
– for purchase of equity instruments designated at FVTOCI		
– not later than one year	**2,259**	–
	1,886,049	1,885,730

25. OPERATING LEASE RECEIVABLE

At the year end date, the Group's total future minimum lease payments to be received, as lessor, under non-cancellable rental leases in respect of investment properties were as follows:

	2019 *HK$'000*	2018 *HK$'000*
Not later than one year	**202,261**	193,852
Later than one year but not later than five years	**208,482**	198,887
	410,743	392,739

26. PLEDGE OF ASSETS

At the year end date, investment properties with a carrying value of HK$7,450,000,000 (2018: HK$7,090,000,000) were pledged to secure bank loan facilities to the extent of HK$2,281,000,000 (2018: HK$2,279,304,000) of which all facilities have been fully utilized.

27. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

(i) In January 2016, Gaw Capital Advisors Limited ("GCAL") entered into a lease agreement with our Group company to lease partial of 18th and 19th floors of 68 Yee Wo Street, Hong Kong for a term of three years from 1 July 2016 to 30 June 2019 at a monthly rental of HK$752,584, excluding rates, government rent and management fee. Based on the terms of the lease agreement, a rental deposit of HK$2,552,000 (2018: HK$2,552,000) and rental income of HK$8,278,000 (2018: HK$8,278,000) for the year ended 31 March 2019 were received from GCAL. GCAL is controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw, who are executive directors of the Company. Mr. Kenneth Gaw and Ms. Christina Gaw are also shareholders of the Company.

The above transaction constitutes a continuing connected transaction under Rule 14A.56 of the Listing Rules and the details of the transaction are discussed in the Directors' Report section pages 16 to 17.

(ii) In February 2018, Gaw Capital Asset Management (HK) Limited ("GCAM") has entered into a lease agreement with our Group company to lease a unit in 10th floor of 68 Yee Wo Street, Hong Kong for a term of 17 months from 1 February 2018 to 30 June 2019 at a monthly rental of HK$151,720, excluding rates, government rent and management fee. Based on the terms of lease agreement, a rental deposit of HK$528,000 (2018: HK$528,000) and rental income of HK$1,593,000 (2018: nil) for the year ended 31 March 2019 were received from GCAM. GCAM is controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw, who are executive directors of the Company. Mr. Kenneth Gaw and Ms. Christina Gaw are also shareholders of the Company.

27. RELATED PARTY TRANSACTIONS *(continued)*

(a) Transactions with related parties *(continued)*

(iii) In February 2019, our Group company has entered into a shareholders' agreement with Gaw Separate Account (Rhapsody), L.P. and Traveluck Investments Inc. to form a joint venture company, Britt Hands Limited. The joint venture is formed to invest in 26.3% equity interest of a property investment company which is committed in acquiring three adjacent commercial buildings in Tokyo, Japan. The Group owns 19.4% shareholding of the joint venture and committed a capital contribution of US$12,270,000 (equivalent to approximately HK$95,706,000). On 13 March 2019, the Group injected US$11,865,000 (equivalent to approximately HK$92,547,000) to the joint venture.

The above transaction constitutes a connected transaction under Chapter 14A of the Listing Rules and the details of the transaction are discussed in the Directors' Report section pages 16 to 17.

(iv) During the financial year 2019, management fee amounting to approximately HK$729,000 (2018: HK$720,000) was paid to GCAL for sharing of staff and administrative expenses.

The transactions (ii) and (iv) above were exempted from announcement, reporting and shareholders' approval under the Listing Rules.

(b) Key management personnel compensation

The remuneration of Directors and other members of key management during the year were as follows:

	2019	2018
	HK$'000	*HK$'000*
Fees	**575**	575
Salaries, allowances and benefits	**10,707**	9,851
Discretionary bonus	**7,120**	8,060
Pension scheme contributions	**70**	68
	18,472	18,554

28. EVENTS AFTER THE REPORTING PERIOD

The Group has the following subsequent events after the end of the reporting period:

(i) On 8 May 2019, Treasure Spot Investments Limited ("Treasure Spot"), a non-wholly owned subsidiary of the Company, as the landlord, entered into the lease agreements with GCAL and GCAM, as the tenants, pursuant to which Treasure Spot agreed to lease the partial of 18th and 19th Floors and unit 1001, 10th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong to GCAL and GCAM respectively as office premises for a term of 3 years commencing from 1 July 2019 to 30 June 2022. The transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Details of the transactions were set out in the Company's announcement dated 8 May 2019.

(ii) On 24 May 2019, Pine International Limited, a wholly owned subsidiary of the Company, entered into a subscription agreement to invest in Gateway VI Co-Investment (Panorama), L.P. for a capital commitment of HK$55.0 million. Gateway VI Co-Investment (Panorama), L.P. is one of the investors to participate in the consortium to purchase 65% of Henglilong Investments Limited, which holds the properties of Cityplaza Three (half block) and Cityplaza Four, Nos. 12-14 Taikoo Wan Road, Taikoo, Hong Kong ("Cityplaza Properties"). Upon completion of the transaction, the Group will hold 0.9% indirect interest in the Cityplaza Properties. Partial payment amounted HK$49.5 million, being 90% of the abovementioned capital commitment was paid on 31 May 2019. Details of the transaction were set out in the Company's announcement dated 24 May 2019.

29. FINANCIAL RISKS MANAGEMENT

(a) Categories of financial instruments

	2019	2018
	HK$'000	*HK$'000*
Financial assets		
Financial assets at fair value	**–**	1,326
Loans and receivables (including cash and cash equivalents)	**302,020**	216,777
Available for sale investments	**–**	530,141
Debt instruments at FVTOCI	**73,041**	–
Equity instruments designated at FVTOCI	**273,267**	–
Equity instruments at FVTPL	**81,301**	–
	729,629	748,244
Financial liabilities		
Amortized cost		
Secured bank loans	**2,281,000**	2,279,304
Trade payables	**6,015**	5,359
	2,287,015	2,284,663

The Group's principal financial instruments comprise secured bank loans, cash and short-term deposits, equity and debt investments. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group has various other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations.

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

29. FINANCIAL RISKS MANAGEMENT *(continued)*

(b) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings and short-term bank deposits with a floating interest rate. The interest rates and terms of repayment of the Group's bank borrowings are disclosed in note 20 to the financial statements.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before taxation (through the impact on floating rate borrowings and floating rate bank deposits) and the Group's equity.

	Change in basis points	Change in profit before taxation *HK$'000*	Change in equity *HK$'000*
2019			
Bank borrowings	**100**	**22,810**	**19,046**
Short-term bank deposits	**100**	**2,534**	**2,534**
2018			
Bank borrowings	100	22,793	19,032
Short-term bank deposits	100	1,385	1,370

29. FINANCIAL RISKS MANAGEMENT *(continued)*

(c) Foreign currency risk

The Group's financial assets and financial liabilities are substantially denominated in Hong Kong dollars or United States dollars. As Hong Kong dollars are pegged to United States dollars, the management considers that the foreign currency risk to the Group is not significant.

The Group's exposure to foreign currency risk is primarily through its investment in equity and debt instruments at FVTOCI (2018: available for sale investments and financial assets at fair value) which are denominated in Thai baht, Malaysian ringgit, Euro and Canadian dollars. The following table demonstrates the sensitivity at the year end date to a reasonable possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before taxation and the Group's equity.

	Change in exchange rate	**Change in profit before taxation**	**Change in equity**
	%	***HK$'000***	***HK$'000***
At 31 March 2019			
Equity and debt instruments at FVTOCI			
Thai baht	**5%**	**72**	**86**
Malaysian ringgit	**5%**	**–**	**5,277**
Euro	**5%**	**–**	**5**
Canadian dollars	**5%**	**–**	**95**
At 31 March 2018			
Available for sale investments and financial assets at fair value			
Thai baht	5%	66	5,349
Malaysian ringgit	5%	–	5,277
Euro	5%	–	6
Canadian dollars	5%	–	97

29. FINANCIAL RISKS MANAGEMENT *(continued)*

(d) Credit risk

The Group's exposure to credit risk is mainly attributable to bank deposits and debt investments. Bank deposits are placed with high-quality financial institutions with good credit ratings. Investments are those listed securities and investment funds of counterparties that have high credit standing, the equity share price movements are closely monitored by the management.

Debt instruments at FVTOCI

The Group only invests in debt securities with low credit risk. The Group's debt instruments at FVTOCI mainly comprise bonds issued by listed companies that are graded in the top investment grade and therefore are considered to be low credit risk investments. During the year ended 31 March 2019, no expected credit losses on debt instruments at FVTOCI were recognized in the profit or loss account.

The Group is also exposed to counterparties credit risk from its operating activities, primarily attributable to rental income. The directors of the Company believe that our tenants are having high credit quality and the Group has policy in place to ensure that the properties are rented to tenants with an appropriate credit history. The Group has no concentration of credit risk and had no significant outstanding balances due by tenants at the reporting date. Accordingly, the overall credit risk is considered minimal.

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities.

The maturity profile of the Group's financial liabilities as at the year end date, based on the contracted undiscounted payments, was as follows:

At 31 March 2019

	Weighted average interest rate	Within 1 year or on demand	1 to 2 years	3 to 5 years	Total
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Secured bank loans	2.52	456,721	895,560	1,041,138	2,393,419
Obligations under finance lease	2.74	373	608	65	1,046
Trade payables	–	6,015	–	–	6,015
		463,109	896,168	1,041,203	2,400,480

29. FINANCIAL RISKS MANAGEMENT *(continued)*

(e) Liquidity risk *(continued)*

At 31 March 2018

	Weighted average interest rate %	Within 1 year or on demand *HK$'000*	1 to 2 years *HK$'000*	3 to 5 years *HK$'000*	Total *HK$'000*
Secured bank loans	2.15	1,064,551	424,156	868,313	2,357,020
Obligations under finance lease	2.67	373	373	674	1,420
Trade payables	–	5,359	–	–	5,359
		1,070,283	424,529	868,987	2,363,799

(f) Equity price risk

The Group is exposed to equity price risk arising from individual investments classified as equity instruments at FVTOCI and FVTPL (note 14) as at 31 March 2019. The Group's listed investments are valued at quoted market prices at the year end date.

The following table demonstrates the sensitivity to every 5% change in fair value of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the year end date.

	Carrying amount of investments ***HK$'000***	**Change in profit before taxation** ***HK$'000***	**Change in equity** ***HK$'000***
At 31 March 2019			
Listed investments:			
Equity instruments designated at FVTOCI	**145,173**	**–**	**7,259**
Unlisted investment:			
Equity instruments designated at FVTOCI	**128,094**	**–**	**6,405**
Equity instruments at FVTPL	**81,301**	**4,065**	**4,065**
At 31 March 2018			
Listed investments:			
Available for sale investments	254,376	–	12,719
Financial assets at fair value	1,326	66	55
Unlisted investment:			
Available for sale investments	203,155	–	10,158

29. FINANCIAL RISKS MANAGEMENT *(continued)*

(g) Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 March 2019 and 31 March 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total assets. Net debt includes interest bearing bank borrowings less cash and bank balances. The gearing ratios as at the year end dates were as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Interest bearing bank borrowings	**2,281,000**	2,279,304
Less: Cash and bank balances	**(287,453)**	(198,109)
Net debt	**1,993,547**	2,081,195
Total assets	**10,604,143**	10,030,181
Gearing ratio	**18.8%**	20.7%

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of Financial Position of the Company

	At 31 March 2019 *HK$'000*	At 31 March 2018 *HK$'000*
ASSETS		
Non-current assets		
Subsidiary companies	**1,534,091**	1,555,005
Associates	**41,117**	41,116
Available for sale investments	**–**	224
Equity instruments designated at FVTOCI	**232**	–
	1,575,440	1,596,345
Current assets		
Debtors, advances & prepayments	**205**	136
Cash & bank balances	**56,992**	305
Tax assets	**292**	292
	57,489	733
Total assets	**1,632,929**	1,597,078
EQUITY		
Share capital	**115,404**	115,404
Reserves	**1,513,087**	1,477,883
Total equity	**1,628,491**	1,593,287
LIABILITIES		
Current liabilities		
Creditors & accruals	**4,438**	3,791
Total liabilities	**4,438**	3,791
Total equity and liabilities	**1,632,929**	1,597,078

The Company's statement of financial position was approved and authorized for issue by the Board of Directors on 24 June 2019 and are signed on its behalf by:

Kenneth Gaw
Director

Alan Kam Hung Lee
Director

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

(b) Reserves Movement of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Investment revaluation reserve HK$'000	Total HK$'000
At 31 March 2018	**547,748**	**381,051**	**549,501**	**(417)**	**1,477,883**
Profit for the year	**–**	**–**	**88,282**	**–**	**88,282**
2018 final dividend paid	**–**	**–**	**(35,775)**	**–**	**(35,775)**
2019 interim dividend paid	**–**	**–**	**(17,311)**	**–**	**(17,311)**
Fair value change of investments in equity instruments designated at FVTOCI	**–**	**–**	**–**	**8**	**8**
At 31 March 2019	**547,748**	**381,051**	**584,697**	**(409)**	**1,513,087**
At 31 March 2017	547,748	381,051	538,772	(600)	1,466,971
Profit for the year	–	–	62,661	–	62,661
2017 final dividend paid	–	–	(34,621)	–	(34,621)
2018 interim dividend paid	–	–	(17,311)	–	(17,311)
Revaluation of available for sale investments	–	–	–	183	183
At 31 March 2018	547,748	381,051	549,501	(417)	1,477,883

The reserves of the Company available for distribution to shareholders as at the reporting date calculated in accordance with the Bermuda Companies Act, amounted to HK$965,748,000 (2018: HK$930,552,000), being the contributed surplus and retained earnings at that date.

31. SUBSIDIARY COMPANIES

	2019 **HK$'000**	2018 *HK$'000*
Unlisted shares, at cost	**421,933**	421,933
Amounts due by subsidiaries	**1,112,958**	1,139,311
Provision for impairment	**(800)**	(6,239)
	1,534,091	1,555,005

The amounts due by subsidiaries are unsecured, interest-free and have no fixed term of repayment. The directors of the Company consider that the amounts due by subsidiaries as at the end of the reporting period form part of the net investments in the relevant subsidiaries.

Particulars of the Group's major subsidiaries at 31 March 2019 are set out in note 32.

The following table presents the information relating to Causeway Bay 68 Limited, the subsidiary of the Group which has material non-controlling interest ("NCI"). The following summarized consolidated financial information represents the amounts before any inter-company elimination.

	2019 **HK$'000**	2018 *HK$'000*
Percentage of NCI	**40%**	40%
Assets and liabilities of Causeway Bay 68 Limited:		
Current assets	**61,632**	64,245
Non-current assets	**3,600,000**	3,380,000
Current liabilities	**(18,409)**	(1,029,177)
Non-current liabilities	**(1,069,113)**	(51,865)
Net assets	**2,574,110**	2,363,203
Carrying value of NCI in the consolidated financial statements	**1,029,644**	945,281
Revenue	**133,788**	127,254
Profit for the year	**280,908**	262,255
Total comprehensive income	**280,908**	262,255
Profit allocated to NCI	**112,363**	104,902
Dividends paid to NCI	**(28,000)**	(42,000)
Cash generated from operating activities	**104,436**	91,217
Cash used in investing activities	**(8,999)**	(4,549)
Cash used in financing activities	**(102,779)**	(126,469)

32. PARTICULARS OF MAJOR SUBSIDIARIES

Particulars of the major subsidiaries of the Group as at 31 March 2019 and 2018 are as follows:

Name of company	Main activity	Place of incorporation	Place of operations	Particulars of issued and paid up capital	Percentage of equity held 2019	Percentage of equity held 2018
All Success Holdings Limited	Real Estate	Hong Kong	Hong Kong	HK$1	100	100
Anpona Investments Limited	Investment	Hong Kong	Hong Kong	HK$10,000	100	100
Best Date Investments Limited	Real Estate	Hong Kong	Hong Kong	HK$1	100	100
Bright Grand Limited	Real Estate	Hong Kong	Hong Kong	HK$1	100	100
Brilliant Valley Investment Limited	Investment	Liberia	Hong Kong	Nil	100	100
Causeway Bay 68 Limited	Investment	British Virgin Islands	Hong Kong	US$1,000	60	60
Chance Advance Limited	Investment	British Virgin Islands	Hong Kong	US$1,000	100	100
Charm Victory Investment Limited	Real Estate	Hong Kong	Hong Kong	HK$1	100	100
Dynamic Business Limited	Real Estate	Hong Kong	Hong Kong	HK$1	100	100
Forerunner Investments Limited	Investment	Hong Kong	Hong Kong	HK$3,000,000	65	65
Glory East Limited	Real Estate	Liberia	Hong Kong	Nil	100	100
Golden Mile Limited	Real Estate	Liberia	Hong Kong	Nil	100	100
Honesty Properties Limited	Real Estate	Hong Kong	Hong Kong	HK$1	100	100
Kind Regent Holdings Limited	Investment	British Virgin Islands	Hong Kong	US$1	100	100
Master Yield Limited	Investment	British Virgin Islands	Hong Kong	Nil	100	100
Maxforte Investments Company Limited	Investment	Hong Kong	Hong Kong	HK$24	100	100
Pine International Limited	Investment	British Virgin Islands	Hong Kong	HK$1	100	100
Pioneer Estates Limited	Real Estate	Hong Kong	Hong Kong	HK$1,000	100	100

32. PARTICULARS OF MAJOR SUBSIDIARIES *(continued)*

Name of company	Main activity	Place of incorporation	Place of operations	Particulars of issued and paid up capital	Percentage of equity held 2019	Percentage of equity held 2018
Pioneer Industries (Holdings) Limited	Investment	Hong Kong	Hong Kong	HK$75,873,257	100	100
Treasure Spot Investments Limited	Real Estate	British Virgin Islands	Hong Kong	US$1	60	60
Uniever Link Limited	Investment	British Virgin Islands	Hong Kong	US$1	100	100
Win Plus Development Ltd.	Investment	British Virgin Islands	Hong Kong	Nil	100	100

33. PARTICULARS OF MAJOR ASSOCIATES

Particulars of the major associates of the Group as at 31 March 2019 and 2018 are as follows:

Name of company	Place of incorporation	Investment by associates	Group's effective interest in investment	Group's effective interest in associates	Issued and paid up share capital
Keencity Properties Limited	British Virgin Islands	Investment	49.5% (2018: 49.5%)	49.5% (2018: 49.5%)	US$9,939,020
Pioneer Hospitality Siam (GBR) Limited	Thailand	Pullman Pattaya Hotel G, Thailand	49.5% (2018: 49.5%)	49.5% (2018: 49.5%)	Baht 300,000,000
Royal Culture Limited	Hong Kong	Pullman Bangkok Hotel G, Thailand	49.5% (2018: 49.5%)	49.5% (2018: 49.5%)	HK$1
Strand Hotels International Limited	British Virgin Islands	Three hotels in Myanmar *(Note 1)*	21.6% (2018: 21.6%)	43.2% (2018: 43.2%)	US$11,101,191
Supreme Key Limited	British Virgin Islands	InterContinental Hong Kong	30.0% (2018: 30.0%)	30.0% (2018: 30.0%)	US$10
Britt Hands Limited	British Virgin Islands	Investment properties *(Note 2)*	5.1% (2018: nil)	19.3% (2018: nil)	US$633

Note 1: Strand Hotels International Limited holds 50% equity interest in the three hotels in Myanmar.

Note 2: Britt Hands Limited holds 26.3% indirect interest in a company with underlying assets being investment properties. It was classified as an associate because the management of the Company appointed one out of three directors in Britt Hands Limited and has significant influence over Britt Hands Limited.

Schedule of the Group's Properties

The following is a list of properties held for investment as at 31 March 2019:

Location/Lot No.	Type of property	Lease term	Group's effective interest	Gross Area
1. Pioneer Place (formerly known as Pioneer Building) 33 Hoi Yuen Road, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 294	Commercial	Medium-term	100%	245,678 ft^2
2. 1st Floor, Fu Hop Factory Building Nos. 209 & 211 Wai Yip Street, Kwun Tong, Hong Kong 8/112 shares of and in Kwun Tong Inland Lot No. 293	Industrial	Medium-term	100%	11,100 ft^2
3. Club Lusitano No. 16 Ice Street, Central, Hong Kong Remaining portion of Inland Lot No. 339	Commercial	Long-term	100%	80,100 ft^2
4. 68 Yee Wo Street Building No. 68 Yee Wo Street, Causeway Bay, Hong Kong The whole of Section K of Inland Lot No. 1408	Commercial	Long-term	60%	229,200 ft^2
5. The Whole of LG/F., G/F., 1/F., and 2/F., Kiu Fat Building, Nos. 115-119 Queen's Road West, Hong Kong Remaining portion of Marine Lot No. 58	Commercial	Long-term	100%	56,740 ft^2
6. Apartments A and B on 19th Floor, Wah Tai Mansion, No. 388 Zhao Jia Bang Road, Shanghai, People's Republic of China	Residential	Medium-term	100%	5,248 ft^2

Five Years Financial Summary

	2015	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Revenue	212,105	258,712	295,049	264,576	**290,933**
Profit attributable to shareholders	804,243	365,553	805,189	623,498	**539,701**
Dividend paid during the year	47,315	48,470	48,470	51,932	**53,086**
Earnings per share (HK cents)	69.69	31.68	69.77	54.03	**46.77**
FINANCIAL POSITION					
Total assets	7,485,708	8,164,362	9,225,292	10,030,181	**10,604,143**
Total liabilities	(1,857,649)	(2,204,599)	(2,413,659)	(2,425,896)	**(2,441,994)**
	5,628,059	5,959,763	6,811,633	7,604,285	**8,162,149**
Capital and reserves					
Share capital	115,404	115,404	115,404	115,404	**115,404**
Reserves	4,711,379	5,013,572	5,795,804	6,506,497	**6,980,013**
Shareholders' funds	4,826,783	5,128,976	5,911,208	6,621,901	**7,095,417**
Non-controlling interests	801,276	830,787	900,425	982,384	**1,066,732**
	5,628,059	5,959,763	6,811,633	7,604,285	**8,162,149**
	HK cents	*HK cents*	*HK cents*	*HK cents*	***HK cents***
Net asset value per share *(Note 1)*	418.3	444.4	512.2	573.8	**614.8**
Total debt to total assets *(Note 2)*	23.2%	25.3%	24.7%	22.7%	**21.5%**

Note 1: Net asset value per share is arrived at using shareholders' fund divided by number of issued shares at year end.

Note 2: Total debt to total assets is arrived at using interest-bearing bank borrowings divided by total assets.