Chinney Investments, Limited

Stock Code: 216

Interim Report 2019/20

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CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong *(Chairman)*
Yuen-Keung Chan *(Vice Chairman and Managing Director)*
James Sing-Wai Wong
Paul Hon-To Tong
Emily Yen Wong
James C. Chen*
Richard Chi-Ho Lo*
Winfred Wai-Lap Fan*

* *Independent non-executive directors*

AUDIT COMMITTEE

James C. Chen *(Chairman)*
Richard Chi-Ho Lo
Winfred Wai-Lap Fan

REMUNERATION COMMITTEE

Winfred Wai-Lap Fan *(Chairman)*
James C. Chen
Yuen-Keung Chan

COMPANY SECRETARY

Ka-Yee Wan

PRINCIPAL BANKERS

The Bank of East Asia, Limited
Chong Hing Bank Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Commercial Bank Limited

AUDITOR

Ernst & Young

REGISTRAR

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STOCK CODE

SEHK 216

WEBSITE

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FINANCIAL RESULTS

For the six months ended 30 September 2019, the Group's unaudited consolidated revenue was HK$375 million (2018 restated: HK$1,184 million) and net profit attributable to shareholders was HK$137 million (2018: HK$375 million), including an increase in fair value of investment properties net of deferred taxation of HK$60 million (2018: HK$191 million). Basic earnings per share was HK$0.25 (2018: HK$0.68). As at 30 September 2019, the shareholders' equity amounted to HK$7,834 million (as at 31 March 2019: HK$8,086 million) and net assets per share attributable to shareholders was HK$14.21 (as at 31 March 2019: HK$14.66).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

BUSINESS REVIEW

1. Property

The Group's property development and investment activities are conducted by Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160) and its subsidiaries ("Hon Kwok Group"). Hon Kwok Group reported a revenue of HK$375 million (2018: HK$1,184 million) and net profit attributable to their shareholders of HK$224 million (2018: HK$576 million) for the six months ended 30 September 2019. The drop in revenue was mainly due to the decrease in property sales from Hon Kwok Group's development projects in Mainland China of which the project in Guangzhou, namely The Botanica, was completed with nearly all units being delivered to customers in prior years. Whilst the drop in profit was mainly attributable to the decrease in fair value gains on investment properties upon revaluation at 30 September 2019.

Property Development

For the six months ended 30 September 2019, the property development segment revenue was HK$218 million compared with HK$1,067 million in 2018. Segment profit before taxation was HK$163 million compared with HK$568 million in 2018. The revenue and profit were attributable to delivery of the sold units in Botanica and Metropolitan Oasis.

Hon Kwok Group's property development projects are located in Mainland China comprising mainly (i) The Botanica in the Tian He District of Guangzhou in which Hon Kwok Group owns 60% interest; (ii) Metropolitan Oasis, Hon Kwok Group's wholly owned project in the Da Li District of Nanhai; (iii) 45-107 Beijing Nan Road, Hon Kwok Group's wholly owned project in the Yue Xiu District of Guangzhou and (iv) Enterprise Square in the Nanshan District of Shenzhen in which Hon Kwok Group owns 20% interest.

BUSINESS REVIEW *(Continued)*

1. **Property** *(Continued)*

Property Development *(Continued)*

The Botanica with a total gross floor area of approximately 229,000 square meters was developed in phases. The final phase of the development was completed in December 2016 with all residential units already sold out in prior years. For the six months ended 30 September 2019, Hon Kwok Group booked revenue of HK$97 million (2018: HK$945 million) from the units delivered during the period. As at 30 September 2019, the contracted property sales of the remaining units but not yet booked amounted to RMB34 million.

Metropolitan Oasis with a total gross floor area of approximately 273,000 square meters was also developed in phases. Phase 3 of the project, comprising 19 blocks of high rise apartments of approximately 550 units, is scheduled for completion next year. For the six months ended 30 September 2019, Hon Kwok Group booked revenue of HK$121 million (2018: HK$122 million) from the units of phase 1 and phase 2 delivered during the period. In September 2018, Hon Kwok Group launched part of the units in phase 3 to the market for pre-sale and achieved satisfactory results. As at 30 September 2019, the contracted property sales but not yet booked amounted to RMB749 million.

The site at 45-107 Beijing Nan Road, which is adjacent to the pedestrian street and the Pearl River, will be developed into a 30-storey residential building and a 32-storey commercial/office building. Foundation works for the project are in progress.

Enterprise Square, situated at Qiaoxiang Road North, Nanshan District, covers a site area of approximately 49,000 square meters and a total gross floor area of approximately 224,500 square meters. It has been developed into a commercial complex composed of office towers, a residential apartment tower and a commercial mall offering dining and entertainment facilities to the tenants. Development for the entire project was completed in June 2018. The office portion and the residential apartment have been launched to the market for sale. For the six months ended 30 September 2019, the project realized revenue of RMB1,394 million (2018: RMB1,751 million). As at 30 September 2019, the contracted property sales but not yet booked amounted to RMB121 million. Net profit attributable to Hon Kwok Group in respect of Enterprise Square, including an increase in fair value of an office tower, the residential apartment tower and the commercial mall which are classified as investment properties, amounted to HK$88 million (2018: HK$149 million) for the six months ended 30 September 2019.

BUSINESS REVIEW *(Continued)*

1. **Property** *(Continued)*

Property Investment

For the six months ended 30 September 2019, the property investment segment revenue was HK$140 million compared with HK$103 million in 2018. Segment profit before taxation was HK$191 million compared with HK$405 million in 2018. Excluding the change in fair value of investment properties, segment profit before taxation was HK$78 million compared with HK$56 million in 2018, such increase in revenue and profit was mainly attributable to the commencement of leasing activities of Hon Kwok City Commercial Centre in Shenzhen and the opening of the hotel at Chongqing Jinshan Shangye Zhongxin after its refurbishment works finished in the fourth quarter of 2018. Leasing of Hon Kwok City Commercial Centre is progressing well and it is expected that the recurrent income base of Hon Kwok Group will be significantly improved.

Property Investment – Hong Kong

Hon Kwok Group's completed investment property portfolio in Hong Kong with a total gross floor area of approximately 246,000 square feet comprises (i) Hon Kwok Jordan Centre, a commercial/office building at Hillwood Road, Tsim Sha Tsui; (ii) The Bauhinia, a hotel cum serviced apartment property at Connaught Road Central and Des Voeux Road Central; and (iii) The Bauhinia Hotel (TST), a hotel property at Observatory Court, Tsim Sha Tsui. Average occupancy of the properties reached 85% for the six months ended 30 September 2019 (2018: 95%) amid the deteriorating business environment caused by the recent social incidents. Occupancy of our hotel properties has dropped due to the decline in tourists arrivals to Hong Kong since July 2019.

Hon Kwok Group's investment property under development in Hong Kong comprises a construction site at Kin Chuen Street, Kwai Chung, New Territories, providing a gross floor area of approximately 228,000 square feet. It is being developed into a data centre for rental purpose. Superstructure works are progressing smoothly and the project is scheduled for completion in the first quarter of 2020. Pre-leasing discussions of the building are currently underway.

Property Investment – Mainland China

Hon Kwok Group's completed investment property portfolio in Mainland China with a total gross floor area of approximately 446,000 square meters comprises (i) Hon Kwok City Commercial Centre, a commercial/office building at the Futian District of Shenzhen, (ii) City Square/The Bauhinia Hotel (Shenzhen), a commercial podium comprising shops and hotel rooms at the Luo Hu District of Shenzhen, (iii) City Suites, serviced apartment units atop of City Square at the Luo Hu District of Shenzhen, (iv) Ganghui Dasha, a commercial/office building at the Yue Xiu District of Guangzhou, (v) Chongqing Hon Kwok Centre, a twin-tower office building atop of a commercial podium at the Bei Bu Xin Qu of Chongqing and (vi) Chongqing Jinshan Shangye Zhongxin, an office tower and a hotel/office tower each with a commercial podium at the Bei Bu Xin Qu of Chongqing. The properties, excluding Hon Kwok City Commercial Centre which has been completed recently and was at the stage of renovation by the tenants during the period, achieved an average occupancy of 74% for the six months ended 30 September 2019 (2018: 74%).

BUSINESS REVIEW *(Continued)*

1. **Property** *(Continued)*

Property Investment *(Continued)*

Property Investment – Valuation

Hon Kwok Group's investment properties, including the data centre project which is at its final stage of development, were fair valued at HK$14,099 million as at 30 September 2019 (as at 31 March 2019: HK$14,297 million, including the data centre project stated at cost). After netting off the additions to investment properties and the exchange loss arising from depreciation in Renminbi during the period, the increase in fair value of Hon Kwok Group's investment properties amounted to HK$113 million (2018: HK$349 million) for the six months ended 30 September 2019.

Property, carpark management and others

For the six months ended 30 September 2019, the property, carpark management and others segment revenue was HK$17 million compared with HK$14 million in 2018. Segment profit before taxation was HK$0.3 million compared with HK$0.9 million in 2018. The profit contributions were adversely affected under the recent social unrest. As at 30 September 2019, Hon Kwok Group managed 10 car parks (31 March 2019: 11 car parks) with 1,980 parking spaces (31 March 2019: 2,000 parking spaces).

2. **Property under redevelopment plan**

The parcel of land in Zhongtang District of Dongguan in Mainland China, where the Group's garment factory was situated prior its cessation of operation, covers a site area of approximately 19,000 square meters and a total gross floor area of approximately 58,000 square meters. Formal approval was obtained from the PRC government authority for redeveloping the land from industrial use into a commercial/residential project. Construction works are expected to be commenced next year.

3. **Construction and Trading**

Chinney Alliance Group Limited ("Chinney Alliance") (Stock Code: 385), a 29.1% owned associate recorded revenue and net profit attributable to shareholders for the six months ended 30 June 2019 of HK$2,453 million (2018 restated: HK$2,768 million) and HK$84.8 million (2018 restated: HK$80.0 million).

BUSINESS REVIEW *(Continued)*

3. Construction and Trading *(Continued)*

Chinney Alliance's foundation piling and ground investigation businesses are conducted by Chinney Kin Wing Holdings Limited ("Chinney Kin Wing") (Stock Code: 1556), a 74.5% owned subsidiary listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Chinney Kin Wing reported a revenue of HK$518 million (2018 restated: HK$529 million) and operating profit of HK$34.8 million (2018 restated: HK$38.1 million). The slightly drop in revenue and operating profit was mainly due to the reduced contract sum for foundation contracts awarded under the keen competition in the foundation industry. Nevertheless, under the ongoing implementation of stringent project cost control policies, gross profit margin remained stable and satisfactory. Meanwhile, the drilling division, which specified in ground investigation, recorded an increase in both revenue and profit. The drilling division is exploring its scope of services in marine ground investigation and other businesses to maintain sustainable business development.

The Building Construction division, mainly consists of Chinney Construction Company, Limited ("Chinney Construction") which operates in Hong Kong and Chinney Timwill Construction (Macau) Company Limited which operates in Macau, engaged in superstructure construction works in Hong Kong and Macau, contributed a revenue of HK$522 million (2018: HK$852 million) and an operating profit of HK$46.2 million (2018: HK$41.5 million). Although revenue dropped substantially as major projects are still at their early stage, operating profit increased due to higher profit margin attained for Macau projects and variation orders agreed during the period. The division continues its cost control and project management cautiously, in order to maintain its profitability under the highly competitive market.

The Building related contracting services division, consists of Shun Cheong Investments Limited and its subsidiaries, engaged in the electrical and mechanical contracting businesses, contributed a revenue of HK$1,160 million (2018 restated: HK$1,093 million) and an operating profit of HK$52.5 million (2018 restated: HK$42.2 million). Improvement in operating profit was mainly due to higher profit margin attained for certain large projects. Meanwhile, the construction/alternation of the factory premises into internet data centre through its newly acquired subsidiary, IDC Realty Holdings Limited, has been completed.

The Plastic Trading division, consists of Jacobson van den Berg (Hong Kong) Limited, contributed a revenue of HK$235 million (2018: HK$288 million) and an operating loss of HK$2.0 million (2018: profit of HK$3.1 million). Both revenue and profit contribution were adversely impacted by the prevailing uncertain market condition arising from the US-China trade dispute. Besides, the profit margin was further eroded by the devaluation of Renminbi. Nevertheless, the division continues to broaden its product lines and explore more opportunities in other markets to improve its profitability.

OUTLOOK

The global economic outlook continued to remain fragile and clouded with considerable uncertainties. The re-escalation of trade conflicts arising from the imposition of bilateral tariff measures by the United States and China have weighed heavily on export trades in both countries, and posing substantial downside risks to the global economy. Nevertheless, it showed some signs of reaching an initial agreement between the two countries to remove the additional tariff in phases in the near future. On the other hand, it is likely that the Federal Reserve will continue its monetary easing policies to abate the downward risk while maintaining a strong labour market coupled with a controllable inflation rate of around 2%. For the Eurozone countries, GDP growth remained subdued reflecting by its weak external demand and low investment sentiment. Nonetheless, the possibility of resolving the Brexit deal within the three-month extension granted has become the dominant uncertainty underlying the economic development in the Eurozone.

In the Mainland China, GDP slowed to 6% (bottom end of government's target) in the third quarter of 2019 amid the protracted US-China trade conflicts and sluggish domestic market. Under the city-specific housing policies adopted in prior years, the real estate market has been stabilised and recovering. Yet, the expected economic downturn has dampened buyer's confidence and investment sentiment. Confronting the mounting headwinds, it is expected that the Central Government will implement fiscal stimulus and monetary easing measures to bolster economic growth while maintaining supervision over financing activities in the real estate market to control financial risks with an aim to develop a healthy and stable property market.

In Hong Kong, the economy recorded a sharp contraction with a shrinkage in GDP by 2.9% year-on-year in the third quarter of 2019. Being a small economic entity, Hong Kong is highly vulnerable to external factors, particularly, the local property market is affected by the interest policy in the US and the China market condition. Recently, Hong Kong economy has experienced an abrupt slump due to the recent social incidents, which adversely impacted various businesses, especially, the inbound tourism, catering and retailing sectors were severely hit. Under the local Government's easing measures introduced recently to boost economic growth, it is believed that the residential properties will remain resilient as underpinned by solid demand and the relaxation of mortgage ceiling, whereas the office and retail property markets will continue to be influenced by the economic sentiment.

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

James Sai-Wing Wong
Chairman

Hong Kong, 27 November 2019

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2019, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Directors' interests in the ordinary shares of the Company

Name of director	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Dr. James Sai-Wing Wong ("Dr. Wong")	*1 & 2*	Through controlled corporations	341,439,324	61.93
	1	Beneficially owned	480,000	0.09

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

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued shares/ paid-up registered capital
Dr. Wong	*1 & 3*	Hon Kwok	Through controlled corporations	502,262,139	69.72
	1 & 4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 5	Chinney Alliance	Through controlled corporations	438,334,216	73.68
	1 & 6	Chinney Holdings Limited ("Chinney Holdings")	Through controlled corporation	9,900,000	99.00
	1	Chinney Holdings	Beneficially owned	100,000	1.00
	1	Lucky Year Finance Limited ("Lucky Year")	Beneficially owned	20,000	100.00
	1 & 7	Chinney Trading Company Limited ("Chinney Trading")	Through controlled corporations	7,150	55.00

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

Notes:

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

2. *These shares are beneficially held by Chinney Holdings, which is a subsidiary of Lucky Year. Dr. Wong is a director of Lucky Year and has beneficial interests therein.*

3. *Out of the 502,262,139 shares, 490,506,139 shares are beneficially held by the Company. By virtue of note 2, Dr. Wong is deemed to be interested in these shares. The remaining 11,756,000 shares are held by Chinney Capital Limited of which Dr. Wong is a director and has beneficial interests therein.*

4. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is paid up by a wholly-owned subsidiary of Hon Kwok and RMB74,000,000 is paid up by a company controlled by Dr. Wong. By virtue of note 3, Dr. Wong is deemed to be interested in this company.*

5. *Out of the 438,334,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 265,240,521 shares are held by companies controlled by Dr. Wong. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.*

6. *These shares are beneficially held by Lucky Year. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.*

7. *Out of the 13,000 issued shares of Chinney Trading, 2,600 shares are held by a wholly-owned subsidiary of Hon Kwok and 4,550 shares are held by a company controlled by Dr. Wong. By virtue of note 3, Dr. Wong is deemed to be interested in this company.*

Save as disclosed herein, as at 30 September 2019, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 September 2019, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Chinney Holdings	Directly beneficially owned	341,439,324	61.93
Lucky Year	Through controlled corporation	341,439,324	61.93

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

All the interests stated above represent long positions. Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of Section 316 of the SFO.

Save as disclosed herein, as at 30 September 2019, none of the substantial shareholders or other persons (other than the directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

(a) In October 2016, Chinney Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into an agreement (the "HK$1,000 million Facilities Agreement") relating to HK$1,000 million transferable term and revolving loan facilities (the "HK$1,000 million Loan Facilities") with a syndicate of banks. The HK$1,000 million Loan Facilities have a term of 48 months commencing from the date of the HK$1,000 million Facilities Agreement and are to be used for refinancing the existing loans facilities with outstanding balance of HK$290 million and financing the Group's general working capital requirements.

Pursuant to the HK$1,000 million Facilities Agreement, it shall be an event of default if Dr. Wong, the Chairman of the Company, and/or his family members collectively cease to (i) maintain management control over the Company; or (ii) remain as the major beneficial ultimate shareholder of the Company; or (iii) hold (whether directly or indirectly) at least 50% of equity interest in the Company (within the meaning of Part XV of the SFO).

If an event of default under the HK$1,000 million Facilities Agreement occurs, the agent acting for the lending banks may, and shall if so requested by a majority of the lending banks, terminate the HK$1,000 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK$1,000 million Loan Facilities to be immediately due and payable.

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

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

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

If an event of default under the Facility Agreement occurs, the agent acting for the Lenders may, and shall if so requested by a majority of the Lenders, terminate the Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the Loan Facilities to be immediately due and payable.

CONNECTED TRANSACTIONS

1. On 20 September 2016, Gold Famous Development Limited ("Gold Famous"), an indirect wholly-owned subsidiary of Hon Kwok, entered into a framework agreement with Kin Wing Foundations Limited ("Kin Wing Foundations"), an indirect wholly-owned subsidiary of Chinney Kin Wing and an indirect non wholly-owned subsidiary of Chinney Alliance, pursuant to which, Kin Wing Foundations was appointed by Gold Famous as a contractor for the foundation construction works at K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong for a contract sum of HK$210,000,000. As Dr. Wong is the controlling shareholder of each of the Company, Hon Kwok, Chinney Alliance and Chinney Kin Wing, the transaction constituted a connected transaction under the Listing Rules. The transaction was approved by the independent shareholders of the Company, Hon Kwok, Chinney Alliance and Chinney Kin Wing at the respective general meetings held by each of the companies on 7 November 2016.

   During the six months ended 30 September 2019, total development cost paid to Kin Wing Foundations amounted to HK$5,250,000.

CONNECTED TRANSACTIONS *(Continued)*

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

   During the six months ended 30 September 2019, the consultancy fee paid to Shun Cheong Data Centre Solutions amounted to HK$2,430,000 in respect of the transaction.

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

   During the six months ended 30 September 2019, total development cost paid to Chinney Construction amounted to HK$194,085,000 in respect of the transaction.

CORPORATE GOVERNANCE

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for directors' securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 September 2019.

Compliance with the Corporate Governance Code

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 September 2019, except for the following deviations:

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

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

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

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

CORPORATE GOVERNANCE *(Continued)*

Compliance with the Corporate Governance Code *(Continued)*

2. CG Code provision A.5.1 stipulates that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director.

   The Company has not established a nomination committee. The Board is responsible for considering the suitability of a candidate to act as a director, and collectively approving and terminating the appointment of a director as this allows a more informed and balanced decision to be made. The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will determine the suitability of the relevant candidates having due regard to the Nomination Policy and the Board Diversity Policy adopted by the Company and assess the independence of the proposed independent non-executive director(s), as appropriate.

3. CG Code provision B.1.2 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the CG Code provisions.

   The Company has adopted the revised terms of reference of the Remuneration Committee on 30 March 2012 with certain deviations from the CG Code provisions. Pursuant to the revised terms of reference, the Remuneration Committee reviews and makes recommendations to the Board on the remuneration packages of directors (as opposed to directors and senior management).

Audit committee

The Company has established an Audit Committee comprising Mr. James C. Chen, Mr. Richard Chi-Ho Lo and Mr. Winfred Wai-Lap Fan.

Regular meetings have been held by the Audit Committee since its establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 September 2019 have not been audited, but have been reviewed by the Audit Committee.

FINANCIAL REVIEW

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$5,606 million as at 30 September 2019 (as at 31 March 2019: HK$5,792 million), of which approximately 19% (as at 31 March 2019: 25%) of the debts were classified as current liabilities. Included therein were debts of HK$103 million related to bank loans with repayable on demand clause and HK$469 million related to project or term loans which will be refinanced during the forthcoming twelve months. Based on the repayment schedules pursuant to the related loan agreements and assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts would be approximately 9%.

Total cash and bank balances including time deposits were approximately HK$1,827 million as at 30 September 2019 (as at 31 March 2019: HK$2,092 million) and the decrease was mainly due to the repayment of bank loans and the exchange loss arising from the depreciation in Renminbi during the period. Included in cash and bank balances are restricted bank deposits of HK$95 million (as at 31 March 2019: HK$77 million) which can only be applied in the designated property development projects prior to their completion of construction. The Group had committed but undrawn banking facilities of a total of approximately HK$2,733 million at period end available for its working capital purpose.

Total shareholders' funds as at 30 September 2019 were approximately HK$7,834 million (as at 31 March 2019: HK$8,086 million). An exchange loss was recorded upon translating the financial statements of the foreign operations denominated in Renminbi to Hong Kong Dollars, which has offset the increase in net profit attributable to shareholders during the period, and resulted in a decrease in shareholders' equity at period end.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK$3,779 million (as at 31 March 2019: HK$3,700 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$11,672 million (as at 31 March 2019: HK$12,070 million), was 32% as at 30 September 2019 (as at 31 March 2019: 31%).

FINANCIAL REVIEW *(Continued)*

Funding and treasury policies

There are no significant changes in the Group's funding and treasury policies. As at 30 September 2019, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Properties with an aggregate carrying value of approximately HK$14,806 million as at 30 September 2019 and shares in certain subsidiaries were pledged to secure certain banking facilities of the Group.

Employees and remuneration policies

The Group, not including its associates and joint venture, employed approximately 340 employees as at 30 September 2019 (as at 31 March 2019: approximately 330). There have been no significant changes in the remuneration policies and benefits to the employees of the Group.

Contingent liabilities

Particulars of the Group's contingent liabilities are set out in note 13 to the condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 September	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
			(Restated)
CONTINUING OPERATIONS			
Revenue	*3*	**374,724**	1,183,878
Cost of sales		**(110,896)**	(540,630)
Gross profit		**263,828**	643,248
Other income and gains, net	*3*	**13,064**	9,376
Fair value gains on investment properties, net		**101,291**	348,583
Administrative and other operating expenses		**(67,389)**	(65,328)
Finance costs	*4*	**(108,772)**	(64,519)
Share of profits of associates		**113,082**	172,180
Profit before tax from continuing operations	*5*	**315,104**	1,043,540
Income tax expense	*6*	**(91,647)**	(349,006)
Profit for the period from continuing operations		**223,457**	694,534
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	*7*	**–**	(17,405)
Profit for the period		**223,457**	677,129
Attributable to:			
Owners of the Company		**136,793**	374,652
Non-controlling interests		**86,664**	302,477
		223,457	677,129
Earnings per share attributable to ordinary equity holders of the Company	*8*		
Basic and diluted			
– For profit for the period		**HK$0.25**	HK$0.68
– For profit from continuing operations		**HK$0.25**	HK$0.71

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Profit for the period	**223,457**	677,129
Other comprehensive income/(loss)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of associates	**(30,309)**	(25,054)
Exchange differences on translation of foreign operations	**(544,522)**	(730,716)
	(574,831)	(755,770)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on revaluation reserve	**9,901**	–
Other comprehensive loss for the period, net of tax	**(564,930)**	(755,770)
Total comprehensive loss for the period	**(341,473)**	(78,641)
Attributable to:		
Owners of the Company	**(224,183)**	(112,539)
Non-controlling interests	**(117,290)**	33,898
	(341,473)	(78,641)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2019 (Unaudited) HK$'000	At 31 March 2019 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**247,720**	296,363
Right-of-use assets		**41,875**	–
Investment properties		**14,283,524**	14,453,997
Investment in a joint venture		**199**	199
Investments in associates		**1,169,068**	1,197,680
Total non-current assets		**15,742,386**	15,948,239
CURRENT ASSETS			
Tax recoverable		**1,258**	5,895
Properties held for sale under development and completed properties held for sale		**1,909,419**	2,101,523
Trade receivables	*10*	**19,477**	21,589
Contract costs		**21,330**	5,547
Prepayments, deposits and other receivables		**158,568**	136,507
Cash and bank balances		**1,827,048**	2,092,224
Total current assets		**3,937,100**	4,363,285
CURRENT LIABILITIES			
Trade payables and accrued liabilities	*11*	**177,102**	425,295
Lease liabilities		**24,326**	–
Contract liabilities		**500,471**	286,193
Customer deposits		**45,182**	47,582
Due to an associate		**–**	15,950
Interest-bearing bank and other borrowings		**1,060,307**	1,473,105
Tax payable		**151,989**	122,549
Total current liabilities		**1,959,377**	2,370,674
NET CURRENT ASSETS		**1,977,723**	1,992,611
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,720,109**	17,940,850

	Note	At 30 September 2019 (Unaudited) HK$'000	At 31 March 2019 (Audited) HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities		**17,866**	–
Interest-bearing bank and other borrowings		**4,546,013**	4,318,761
Deferred tax liabilities		**1,484,275**	1,552,353
Total non-current liabilities		**6,048,154**	5,871,114
Net assets		**11,671,955**	12,069,736
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**405,411**	405,411
Reserves		**7,428,608**	7,680,359
		7,834,019	8,085,770
Non-controlling interests		**3,837,936**	3,983,966
Total equity		**11,671,955**	12,069,736

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital (Unaudited) *HK$'000*	Other reserve (Unaudited) *HK$'000*	Asset revaluation reserve (Unaudited) *HK$'000*	Exchange fluctuation reserve (Unaudited) *HK$'000*	Retained profits (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*	Non-controlling interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
At 1 April 2018	405,411	442,109	94,027	369,457	6,368,826	7,679,830	3,720,403	11,400,233
Share of impact of initial application of HKFRS 9 and 15 by an associate	–	–	–	–	3,093	3,093	–	3,093
Adjusted balance as at 1 April 2018	405,411	442,109	94,027	369,457	6,371,919	7,682,923	3,720,403	11,403,326
Profit for the period	–	–	–	–	374,652	374,652	302,477	677,129
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	–	–	–	(487,191)	–	(487,191)	(268,579)	(755,770)
Total comprehensive income/(loss) for the period	–	–	–	(487,191)	374,652	(112,539)	33,898	(78,641)
Share of legal reserve by an associate	–	173	–	–	–	173	–	173
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(40,237)	(40,237)
Final dividend in respect of previous financial year	–	–	–	–	(27,568)	(27,568)	–	(27,568)
At 30 September 2018	405,411	442,282	94,027	(117,734)	6,719,003	7,542,989	3,714,064	11,257,053
At 1 April 2019	405,411	440,250	94,027	8,395	7,137,687	8,085,770	3,983,966	12,069,736
Profit for the period	–	–	–	–	136,793	136,793	86,664	223,457
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of foreign operations	–	–	–	(370,877)	–	(370,877)	(203,954)	(574,831)
Gain on property revaluation	–	–	9,901	–	–	9,901	–	9,901
Total comprehensive income/(loss) for the period	–	–	9,901	(370,877)	136,793	(224,183)	(117,290)	(341,473)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(28,740)	(28,740)
Final dividend in respect of previous financial year	–	–	–	–	(27,568)	(27,568)	–	(27,568)
At 30 September 2019	**405,411**	**440,250**	**103,928**	**(362,482)**	**7,246,912**	**7,834,019**	**3,837,936**	**11,671,955**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 September 2019 (Unaudited) HK$'000	Six months ended 30 September 2018 (Unaudited) HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax			
From continuing operations		**315,104**	1,043,540
From a discontinued operation		**–**	(17,398)
Adjustments for:			
Finance costs		**108,772**	65,450
Share of profits of associates		**(113,082)**	(172,180)
Interest income		**(9,744)**	(6,894)
Gain on disposal of items of property, plant and equipment		**(94)**	(936)
Depreciation of property, plant and equipment		**4,714**	4,687
Depreciation of right-of-use assets	5	**13,954**	–
Fair value gains on investment properties, net		**(101,291)**	(348,583)
Amortisation of prepaid land lease payments		**–**	605
		218,333	568,291
Decrease in inventories		**–**	3,954
Decrease in properties held for sale under development and completed properties held for sale		**78,511**	627,724
Decrease/(increase) in trade receivables, prepayments, deposits and other receivables		**(31,433)**	23,979
Increase in contract costs		**(17,023)**	(5,730)
Decrease in trade payables and accrued liabilities		**(219,921)**	(273,717)
Increase in contract liabilities		**242,462**	250,123
Decrease in customer deposits		**(2,400)**	(1,164,582)
Cash generated from operations		**268,529**	30,042
Overseas taxes paid		**(44,347)**	(148,562)
Net cash flows from/(used in) operating activities		**224,182**	(118,520)

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash flows from/(used in) operating activities	**224,182**	(118,520)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**9,744**	6,894
Purchases of items of property, plant and equipment	**(331)**	(347)
Proceeds from disposal of items of property, plant and equipment	**100**	1,006
Proceeds from disposal of financial assets of fair value through profit or loss	**–**	791
Additions to investment properties	**(244,955)**	(204,966)
Dividends received from associates	**111,386**	10,386
Decrease in balance due to an associate	**(15,950)**	(10,052)
Decrease in non-pledged time deposits with original maturity of more than three months when acquired	**130**	138,317
Net cash flows used in investing activities	**(139,876)**	(57,971)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	**71,713**	178,461
Repayment of bank loans	**(173,619)**	(346,155)
Dividend paid	**(27,568)**	(27,568)
Dividends paid to non-controlling shareholders	**(28,740)**	(40,237)
Interest paid	**(129,743)**	(109,142)
Principal portion of lease payments	**(14,075)**	–
Capital element of finance lease payments	**–**	(81)
Net cash flows used in financing activities	**(302,032)**	(344,722)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(217,726)**	(521,213)
Cash and cash equivalents at beginning of period	**2,089,607**	2,575,283
Effect of foreign exchange rates changes, net	**(47,320)**	(99,413)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,824,561**	1,954,657
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,137,065**	1,879,340
Non-pledged time deposits	**689,983**	77,858
Cash and bank balances as stated in the condensed consolidated statement of financial position	**1,827,048**	1,957,198
Non-pledged time deposits with original maturity of more than three months when acquired	**(2,487)**	(2,541)
	1,824,561	1,954,657

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Basis of preparation

The unaudited condensed interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2019.

The financial information relating to the year ended 31 March 2019 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 September 2019 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Changes in accounting policies and disclosures

The unaudited condensed interim consolidated financial statements have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019, except as described below. In the current period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2019.

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Changes in accounting policies and disclosures *(Continued)*

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The nature and the impact of the changes are described below:

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's condensed interim consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the comparative information as at 31 March 2019 and for the six months ended 30 September 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Changes in accounting policies and disclosures *(Continued)*

(a) *(Continued)*

New definition of a lease *(Continued)*

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and included in lease liabilities.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the consolidated statement of financial position.

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Changes in accounting policies and disclosures *(Continued)*

(a) *(Continued)*

As a lessee – Leases previously classified as operating leases *(Continued)*

Impacts on transition (Continued)

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 April 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	Increase *HK$'000* **(Unaudited)**
Assets	
Increase in right-of-use assets and total assets	**55,829**
Liabilities	
Increase in lease liabilities and total liabilities	**55,829**

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Changes in accounting policies and disclosures *(Continued)*

(a) *(Continued)*

As a lessee – Leases previously classified as operating leases *(Continued)*

Impacts on transition *(Continued)*

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	HK$'000 **(Unaudited)**
Operating lease commitments as at 31 March 2019	**61,308**
Weighted average incremental borrowing rate as at 1 April 2019	**5%**
Discounted operating lease commitments as at 1 April 2019	**56,167**
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	**(338)**
Lease liabilities as at 1 April 2019	**55,829**

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Changes in accounting policies and disclosures *(Continued)*

(a) *(Continued)*

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 March 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Changes in accounting policies and disclosures *(Continued)*

(a) *(Continued)*

Amounts recognised in the condensed interim consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

	Right-of-use assets *HK$'000* (Unaudited)	Lease liabilities *HK$'000* (Unaudited)
As at 1 April 2019	55,829	55,829
Depreciation charges	(13,954)	–
Interest expenses	–	438
Payments	–	(14,075)
As at 30 September 2019	**41,875**	**42,192**

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Changes in accounting policies and disclosures *(Continued)*

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 April 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's condensed interim consolidated financial information.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's condensed interim consolidated financial information.

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in property development, property investment and property related activities. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel.

During the year ended 31 March 2019, the Group discontinued the business of manufacture and trading of garments and reallocated certain segment resources to property investment segment. Accordingly, certain comparative segment information related to the manufacture and trading of garments is classified as "loss for the year from a discontinued operation" in the consolidation statement of profit or loss. Besides, as a result of the formal approval obtained for redevelopment of a parcel of land in the PRC, management of the Group has reassessed the Group's segment reporting and decided that for financial reporting purposes, certain segment resources in other segment has been reallocated to property development segment. The impact of the abovementioned changes in the Group's reportable operating segment for the six months ended 30 September 2018 is considered retrospectively and the Group's operating segment information is restated as if the Group had reallocated the resources in that period.

(a) Business segments

	Six months ended 30 September 2019 (Unaudited)			
	Property development *HK$'000*	Property investment *HK$'000*	Property, carpark management and others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers and revenue from continuing operations	218,064	139,581	17,079	374,724
Segment results	147,363	169,602	(3,019)	313,946
Reconciliation:				
Interest income				9,744
Corporate and other unallocated expenses				(12,896)
Finance costs				(108,772)
Share of profits of associates				113,082
Profit before tax from continuing operations				315,104

2. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	Six months ended 30 September 2018 (Unaudited)			
	Property development *HK$'000*	Property investment *HK$'000*	Property, carpark management and others *HK$'000*	Total *HK$'000* (Restated)
Segment revenue:				
Sales to external customers and revenue from continuing operations	1,066,725	102,668	14,485	1,183,878
Segment results	538,388	402,229	(3,713)	936,904
Reconciliation:				
Interest income				6,867
Corporate and other unallocated expenses				(7,892)
Finance costs				(64,519)
Share of profits of associates				172,180
Profit before tax from continuing operations				1,043,540

2. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	At 30 September 2019 (Unaudited)			
	Property development	Property investment	Property, carpark management and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**2,128,720**	**14,781,118**	**2,384,540**	**19,294,378**
Reconciliation:				
Elimination of intersegment receivables				**(2,612,465)**
Investments in associates				**1,169,068**
Investment in a joint venture				**199**
Corporate and other unallocated assets				**1,828,306**
Total assets				**19,679,486**
Segment liabilities	**1,699,697**	**1,025,428**	**652,287**	**3,377,412**
Reconciliation:				
Elimination of intersegment payables				**(2,612,465)**
Corporate and other unallocated liabilities				**7,242,584**
Total liabilities				**8,007,531**

2. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	At 31 March 2019 (Audited)			
	Property development	Property investment	Property, carpark management and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	2,292,054	14,826,008	2,103,543	19,221,605
Reconciliation:				
Elimination of intersegment receivables				(2,206,304)
Investments in associates				1,197,680
Investment in a joint venture				199
Corporate and other unallocated assets				2,098,344
Total assets				20,311,524
Segment liabilities	1,518,332	1,009,820	417,019	2,945,171
Reconciliation:				
Elimination of intersegment payables				(2,206,304)
Corporate and other unallocated liabilities				7,502,921
Total liabilities				8,241,788

(b) Geographical segments – Revenue from continuing operations

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**52,589**	53,923
Mainland China	**322,135**	1,129,955
	374,724	1,183,878

3. REVENUE, OTHER INCOME AND GAINS

Disaggregation of revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Six months ended 30 September 2019 (Unaudited)			
	Property development *HK$'000*	Property investment *HK$'000*	Property, carpark management and others *HK$'000*	Total *HK$'000*
Segment				
Type of goods or services				
Sales of properties	218,064	–	–	218,064
Property management income	–	15,774	804	16,578
Total revenue from contracts with customers	218,064	15,774	804	234,642
Revenue from other sources				
Gross rental income	–	123,807	16,275	140,082
Total revenue from other sources	–	123,807	16,275	140,082
Revenue disclosed in the segment information	218,064	139,581	17,079	374,724
Timing of revenue recognition				
Goods transferred at a point in time	218,064	–	–	218,064
Services transferred over time	–	15,774	804	16,578
Total revenue from contracts with customers	218,064	15,774	804	234,642

3. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Disaggregation of revenue *(Continued)*

	Six months ended 30 September 2018 (Unaudited)			
	Property development *HK$'000*	Property investment *HK$'000*	Property, carpark management and others *HK$'000*	Total *HK$'000* (Restated)
Segment				
Type of goods or services				
Sales of properties	1,066,725	–	–	1,066,725
Property management income	–	15,348	785	16,133
Total revenue from contracts with customers	1,066,725	15,348	785	1,082,858
Revenue from other sources				
Gross rental income	–	87,320	13,700	101,020
Total revenue from other sources	–	87,320	13,700	101,020
Revenue disclosed in the segment information	1,066,725	102,668	14,485	1,183,878
Timing of revenue recognition				
Goods transferred at a point in time	1,066,725	–	–	1,066,725
Services transferred over time	–	15,348	785	16,133
Total revenue from contracts with customers	1,066,725	15,348	785	1,082,858

3. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Other income and gains, net

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Bank interest income	**9,744**	6,867
Foreign exchange differences, net	**(40)**	147
Others	**3,360**	2,362
	13,064	9,376

4. FINANCE COSTS

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans and other loans	**129,741**	108,211
Interest on lease liabilities	**438**	–
Less: Interest capitalised under properties under development/construction	**(21,407)**	(43,692)
	108,772	64,519

5. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Depreciation of property, plant and equipment	**4,714**	3,660
Depreciation of right-of-use assets*	**13,954**	–
Employee benefit expenses (including directors' remuneration)	**33,677**	35,508
Less: Amounts capitalised under properties under development/construction	**(8,150)**	(8,700)
	25,527	26,808

* Included in the amount are the rental expenses for carpark operations of HK$10,226,000 which are included in "Cost of sales" in the condensed consolidated statement of profit or loss.

6. INCOME TAX

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Current – Elsewhere	**83,847**	281,100
Deferred	**7,800**	67,906
Total tax charge for the period from continuing operations	**91,647**	349,006

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

7. DISCONTINUED OPERATION

During the year ended 31 March 2019, the Group decided to cease its garment business operated by J.L. Chinney (Holdings) Company Limited, a wholly-owned subsidiary of the Company, because of the continuous operating losses in the garment business. The cessation of business was completed during the year ended 31 March 2019 and thus classified as a discontinued operation. With the garment business being classified as a discontinued operation, it is no longer included in the note for operating segment information.

The results of garment business for the six months ended 30 September 2018 is presented below:

	Six months ended 30 September 2018 (Unaudited) *HK$'000*
Revenue	20,319
Cost of sales	(15,319)
Gross Profit	5,000
Other income	301
Selling and distribution expenses	(4,054)
Administrative and other operating expenses	(17,714)
Finance costs	(931)
Loss before tax from the discontinued operation	(17,398)
Income tax expenses	(7)
Loss for the period from the discontinued operation	(17,405)

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK$136,793,000 (2018: HK$374,652,000) and the weighted average number of 551,368,153 ordinary shares in issue during both periods.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 September 2019 and 2018 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during both periods.

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

The final dividend of HK 5.0 cents per ordinary share for the year ended 31 March 2019 was approved by the Company's shareholders at the annual general meeting of the Company held on 29 August 2019 and paid on 30 September 2019.

10. TRADE RECEIVABLES

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

	At 30 September 2019 (Unaudited) ***HK$'000***	At 31 March 2019 (Audited) *HK$'000*
Within 30 days	**1,513**	1,900
31 to 60 days	**550**	1,347
61 to 90 days	**165**	1,370
Over 90 days	**17,249**	16,972
Total	**19,477**	21,589

10. TRADE RECEIVABLES *(Continued)*

The credit period was generally one month, extending up to four months for major customers. Each customer has a maximum credit limit. Overdue trade debts are closely monitored by management and are provided for in full in cases of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate to their fair values.

11. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK$17,790,000 (as at 31 March 2019: HK$28,105,000). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 September 2019 (Unaudited) ***HK$'000***	At 31 March 2019 (Audited) *HK$'000*
Within 30 days	**17,773**	28,088
31 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**17**	17
Total	**17,790**	28,105

12. SHARE CAPITAL

There were no movements in the issued and fully paid share capital of the Company in the current interim period.

13. CONTINGENT LIABILITIES

(a) As at 31 March 2019, the Group has given a guarantee of HK$24,000,000 to a bank in connection with a facility granted to an associate and such banking facility guaranteed by the Group to the associate was utilized to the extent of HK$24,000,000 as at 31 March 2019.

The bank loan was fully repaid by the associate during the six months ended 30 September 2019.

(b) As at 30 September 2019, the Group has given guarantees of HK$230,418,000 (as at 31 March 2019 (audited): HK$198,487,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property ownership certificates to the purchasers.

14. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases certain of its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 September 2019, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 30 September 2019 (Unaudited) ***HK$'000***	At 31 March 2019 (Audited) *HK$'000*
Within one year	**207,607**	174,328
In the second to fifth years, inclusive	**554,001**	533,285
After five years	**657,826**	738,060
	1,419,434	1,445,673

15. CAPITAL COMMITMENTS

At 30 September 2019, the Group had authorised and contracted capital commitments in respect of property development expenditure amounting to HK$856,606,000 (as at 31 March 2019 (audited): HK$1,084,452,000).

16. RELATED PARTY TRANSACTIONS

(a) Connected Transactions

(i) During the period, the Group paid development expenditure relating to foundation construction works to an indirect wholly-owned subsidiary of Chinney Kin Wing amounted to HK$5,250,000 (2018: HK$74,054,000). The above transaction was negotiated between the concerned parties by reference to prevailing market rate. The transaction constituted a connected transaction of the Company and was approved by the independent shareholders of the Company at an extraordinary general meeting held on 7 November 2016.

(ii) On 12 June 2018, Gold Famous entered into the Consultancy Agreement with Shun Cheong Data Centre Solutions, pursuant to which Shun Cheong Data Centre Solutions was appointed by Gold Famous as a consultant to provide consultancy services in respect of the construction and development of the Data Centre Project at a fixed fee of HK$16,200,000. As the Company is interested in approximately 68.09% of the issued shares of Hon Kwok and approximately 29.10% of the issued shares of Chinney Alliance and Dr. Wong is the chairman, executive director and a controlling shareholder of each of the Company, Hon Kwok and Chinney Alliance, the transaction constituted a connected transaction for each of the Company, Hon Kwok and Chinney Alliance under the Listing Rules and is subject to the reporting and announcement requirements. During the period, Hon Kwok Group paid consultancy fee to Shun Cheong Data Centre Solutions amounted to HK$2,430,000 (2018: HK$4,860,000).

(iii) On 12 July 2018, Gold Famous entered into the Framework Agreement with Chinney Construction, pursuant to which Gold Famous engaged Chinney Construction to act as the main contractor to carry out construction works for the Data Centre Project at a total contract sum not exceeding HK$757,800,000. As the Company is interested in approximately 68.09% of the issued shares of Hon Kwok and approximately 29.10% of the issued shares of Chinney Alliance and Dr. Wong is the chairman, executive director and a controlling shareholder of each of the Company, Hon Kwok and Chinney Alliance, the related transaction constituted a connected transaction for each of the Company, Hon Kwok and Chinney Alliance under the Listing Rules. Since the entering into of the Consultancy Agreement dated 12 June 2018 also constituted a connected transaction and pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the Consultancy Agreement and the Framework Agreement should be aggregated as a series of transactions as they were entered into within a 12-month period and involved parties which are connected with one another. The applicable percentage ratios of the Framework Agreement on both stand-alone and the basis when aggregated with the Consultancy Agreement, are more than 5% and contract sum was more than HK$10 million, the transaction is subject to the reporting, announcement and independent shareholders' approval requirements. The transaction was approved by the independent shareholders of the Company, Hon Kwok and Chinney Alliance at the respective general meetings held by each of the companies on 24 August 2018. During the period, Hon Kwok Group paid development costs to Chinney Construction amounted to HK$194,085,000 (2018: Nil).

16. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term employee benefits	**3,053**	1,233

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 September 2019	31 March 2019	**30 September 2019**	31 March 2019
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial liabilities				
Interest-bearing bank and other borrowings	**5,606,320**	5,791,866	**5,606,320**	5,791,866

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in customer deposits, trade payables and accrued liabilities, the current portion of interest-bearing bank and other borrowings and current portion of lease liabilities, and a balance with an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the non-current portion of interest-bearing bank and other borrowings and non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 September 2019 was assessed to be insignificant.

The Group did not have any financial liabilities measured at fair value as at 30 September 2019 and 31 March 2019. As at 30 September 2019, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank and other borrowings (non-current portion) of HK$4,546,013,000 (as at 31 March 2019 (audited): HK$4,318,761,000) and lease liabilities (non-current portion) of HK$17,866,000. The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are unobservable (Level 3).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities of the Group.

18. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved and authorised for issue by the board of directors on 27 November 2019.