



PIONEER GLOBAL GROUP LIMITED  
建生國際集團有限公司

Stock Code 股份代號 : 00224





**PIONEER GLOBAL GROUP LIMITED**

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# 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

# Managing Director's Report

## BUSINESS REVIEW

The past twelve months have undoubtedly been the most challenging ones we have faced since the Global Financial Crisis in 2008/2009. The world markets were first rocked by the failure of the US-China trade talks in May last year, then Hong Kong was hit by large scale and sometimes violent anti-government protests for much of June until end of 2019. These protests devastated the hotel and tourism related sectors in Hong Kong. While the performance of investment properties in Hong Kong have been largely stable, business of all Hong Kong hotels has been hit hard. And just when we thought we could hope for some normalcy, the ultimate black swan event was upon us... The COVID-19 coronavirus outbreak that started in Wuhan, China in December 2019 quickly became a major pandemic and shut down much of the world by the end of March 2020.

In Thailand, the number of visitors to the country increased by 4.24% to 39.8 million in 2019. While this is record high arrivals, it is at a slower pace than expected, and not keeping pace with the increase in supply of hotels in general. On the other hand, Chinese tourist arrivals recovered after the July 2018 boat accident in Phuket, registering 10.99 million in total arrivals in 2019. During the first 9 months of the fiscal year, our hotels in Thailand generally tracked ahead of 2018 numbers with a robust second half in 2019. However, the arrival of the COVID-19 pandemic similarly ravaged the Thai hotel industry in the first quarter of 2020.

For the year ended 31 March 2020, total revenue for the Group including share of associates was HK\$615.6 million, compared to HK\$743.1 million for the 2019 fiscal year. The decline in revenues was due to the sharp drop in business at the InterContinental Hong Kong due to the aforementioned anti-government protests in 2019 and COVID-19 in the first quarter of 2020. COVID-19 had also affected the Group's hotels in Thailand in the first quarter of 2020. Fortunately, the Group's directly held investment assets have been resilient, resulting in a slight increase in operating profit to HK\$223.3 million, from HK\$220.5 million during the same period in 2019. On the other hand, share of results of associates suffered a loss of HK\$149.6 million mainly due to the decrease in fair value at the InterContinental Hong Kong and our two Thai hotels, compared to a gain of HK\$167.3 million in 2019. As the Hong Kong economy had been ravaged by the anti-government protests and COVID-19 during much of the fiscal year, fair value increase in investment properties (including through equity instruments) was only HK\$92.2 million, far lower than the HK\$356.8 million gain in 2019. Due to the lower fair value increase in investment properties and the decline in fair market value for the Group's hotel assets, net profit declined to HK\$75.1 million (2019: HK\$652.0 million), of which net profit attributable to shareholders was HK\$38.4 million (2019: HK\$539.7 million).

Overall, the Group's exposure to hotels represents about 17% of total assets, while investment properties about 77% of total assets.

### Property Investments (Hong Kong and Asia)

As at 31 March 2020, the Group's investment property Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong continued to enjoy a high occupancy rate of 93%. During the fiscal year, Pioneer Place contributed rental and related revenues of HK\$65.5 million (2019: HK\$67.4 million) and a fair value increase of HK\$30.0 million.

The Group owns 60% in the 68 Yee Wo Street Building (229,200 sq. ft.) in Causeway Bay, Hong Kong. In September 2019, the Chinese restaurant (a tenant which has been here since 2010) that occupied most of the 1/F of the building had to close down due to losses suffered from business disruptions by the anti-government protest movements. This caused the occupancy of the building to drop to 92%. For the year ended 31 March 2020, the property contributed rental and related revenues of HK\$136.0 million (2019: HK\$132.6 million) and a fair value increase of HK\$24.9 million.

The Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong has also continued to perform strongly, with an occupancy rate of 96% as at 31 March 2020. For the fiscal year, the property contributed HK\$64.4 million in rental and related revenues (2019: HK\$59.9 million) and HK\$17.0 million in fair value increase to the Group.

On the other hand, the lower and upper ground floor portions of the 56,740 sq. ft. commercial podium of Kiu Fat Building (115-119 Queen's Road West) in Sai Ying Pun, Hong Kong are still vacant, pending various negotiations with new tenants. The leasing environment at this property has continued to be challenging due to the current market conditions, leading to an occupancy rate of 54%. For the fiscal year, the property contributed HK\$10.7 million in rental and related revenues (2019: HK\$10.3 million) and a fair value decrease to the Group of HK\$20.0 million.

The Group has investments in Shanghai K. Wah Centre (7.7%) through an associate and Ciro's Plaza (4.0%) through an equity instrument, both of which are located in Shanghai, China. As at 31 March 2020, the properties had occupancies of 94% and 85% respectively and fair value increase of HK\$2.2 million and fair value decrease of HK\$7.5 million respectively.

Since February 2019, the Group has also invested in an effective stake of 5.1% in three adjacent commercial buildings in Tokyo, Japan through an associate. The three 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, all enjoying a prime location on top of three subway lines. As at 31 March 2020, the three buildings have occupancy rates of 96%, 91%, and 90% respectively. This investment recorded a fair value increase of HK\$51.3 million.

In May and July 2019, the Group invested HK\$51.9 million through an equity instrument (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 new Central-Wan Chai Bypass link to the Island Eastern Corridor has substantially improved the connectivity of Island East district to Central CBD, hence the district is poised to enjoy strong upward reversion in rental rates going forward. On 31 March 2020, the properties have an occupancy of 98%. This investment recorded a fair value increase of HK\$48.8 million.



**Cityplaza Three and Cityplaza Four, Tai Koo Shing**

### **Hotel Investments (Hong Kong and Thailand)**

The Group's investments in the hotel industry have all been made through associate companies.

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. For the first 3 months of the financial year (April to June 2019), the hotel performed strongly, with an average occupancy rate of 90%. However, since July 2019, the property suffered from the persistent anti-government protests in Hong Kong, and occupancy rates dropped to 83% in July and then averaged between 49% to 54% during the months from August 2019 to January 2020. Then COVID-19 hit and the occupancy rate plummeted to single digits during the months of February and March 2020. The hotel closed the financial year with an average occupancy of 56%, compared to average occupancy of 88% in 2019. As a result of the combined effects of anti-government protests and COVID-19, InterContinental Hong Kong's revenues dropped to HK\$719.6 million for the 12 months ended March 2020, compared to HK\$1,135.7 million

in 2019. Similarly, operating profit also dropped substantially to HK\$132.0 million (2019: HK\$415.0 million). The share of results recorded a loss of HK\$185.5 million during the year was mainly due to the fair value loss of the hotel.

In Thailand, the Group's two hotels in Bangkok and Pattaya had performed satisfactorily until end of 2019 for the first 9 months of the fiscal year, tracking ahead of 2018 same period numbers. However, due to the substantial decline in the Chinese outbound market since the onset of the COVID-19 coronavirus, business dropped substantially since mid-January this year and as such both hotels underperformed budget for the financial year. This is particularly disappointing as first quarter is usually the tourism high season for Thailand. For the year ended 31 March 2020, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associate company) had revenues of Baht 512.1 million (HK\$127.5 million equivalent) (2019: Baht 566.5 million, HK\$135.6 million equivalent) and operating profit of Baht 185.3 million (HK\$46.1 million equivalent) (2019: Baht 221.7 million, HK\$53.1 million equivalent), with an average occupancy of 75% (2019: 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 331.9 million (HK\$82.6 million equivalent) (2019: Baht 374.5 million, HK\$89.6 million equivalent) and operating profit of Baht 111.1 million (HK\$27.7 million equivalent) (2019: Baht 139.6 million, HK\$33.4 million equivalent), with an average occupancy rate of 74% (2019: 77%). The share of results recorded a loss of HK\$29.7 million during the year was mainly due to the fair value loss of the hotels.

### PROSPECTS

In Hong Kong, while the anti-government protests and the COVID-19 coronavirus have devastated our hotel business, most of the Group's major investment properties (with the exception of Kiu Fat Building which is under re-positioning) have continued to maintain high occupancy as well as stable or growing income.

Due to the stringent quarantine measures and social distancing rules implemented by the Hong Kong government for inbound travelers since the end of March this year, the management of the InterContinental Hong Kong decided to close the hotel on 20 April 2020 to start its long planned renovation program (originally planned closure was first quarter of 2021). It is expected that there will be additional capital contribution to fund this renovation. After the comprehensive renovation, the hotel will be re-opened as The Regent Hotel Hong Kong in 2022.

The government of Thailand also reacted to COVID-19 by declaring a state of emergency, curfews, and subsequently banning entry by foreign nationals into the country in early April. As a result, the Group decided to shut our two hotels in Thailand temporarily in April 2020. As the restrictive measures have been relaxed locally, we recently re-opened the 25 Degrees restaurant at Pullman Bangkok Hotel G on 1 June 2020. Furthermore, the country recently announced that it will reopen to international travelers on 1 July, albeit to a restricted list of countries. While the reopening will likely be slow and still dependent on government policies and availability of flights, we are hopeful that we can look at re-opening the hotels early July 2020.

The COVID-19 coronavirus has wrecked havoc on the world economy, causing massive unemployment globally, and the travel and tourism sectors have been hit particularly hard. But in response to the crisis, governments around the world have responded with unprecedented monetary stimulus which has successfully cushioned the pain in the short term. Many East Asian countries have also been successful in controlling the spread of the virus and the situation in US and Europe appears to be moderating. At the time of writing, many European countries are preparing to open their borders soon to international travels and US will likely follow. This is welcome news, as the experience of Europe can point the way for how the rest of the world can return to normal international travels. While we have no doubt that travel demands will fully recover when restrictions are lifted, the worry is there is still the potential risk of a second wave (or more) of the pandemic and there are no credible plans as yet on how to deal with it if it comes.

In view of all of these uncertainties, the Group has maintained a resilient balance sheet, with strong liquidity position and low debt ratio (interest cover of 329% and total liabilities/total asset ratio of 23%). We shall remain vigilant, hence the Board does not recommend to pay a final dividend for the year ended 31 March 2020. But we are also confident that the Group will be able to weather the current volatile political and market conditions, and shall be in a position to take advantage of investment opportunities should a major price correction occur.

### FINANCIAL REVIEW

#### Liquidity and Financial Resources

The Group continued to enjoy a strong and healthy financial position. As at 31 March 2020, the Group's had cash and bank balances amounting to HK\$390.3 million (31 March 2019: HK\$287.5 million) together with an undrawn standby banking facility of HK\$50.0 million.

As at 31 March 2020, the total bank borrowings of the Group were HK\$2,281.0 million (31 March 2019: HK\$2,281.0 million), including bank loans of Pioneer Place of HK\$600.0 million and Club Lusitano Building of HK\$263.5 million to be refinanced in year 2020/21. The Group's total debts to total assets ratio was 21.6% (31 March 2019: 21.5%) and net debt to total assets ratio was 17.9% (31 March 2019: 18.8%).

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, China and Japan with carrying amounts of HK\$343.4 million, HK\$212.7 million and HK\$138.4 million equivalents respectively as at 31 March 2020 (31 March 2019: HK\$389.6 million, HK\$212.7 million and HK\$92.5 million equivalents respectively). 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\$7,510.0 million (31 March 2019: HK\$7,450.0 million) were pledged to secure bank loan facilities to the extent of HK\$2,281.0 million (31 March 2019: HK\$2,281.0 million) of which all facilities have been fully utilized.

#### Contingent Liabilities

As at 31 March 2020, the Group had guarantees of HK\$1,879.8 million (31 March 2019: HK\$1,879.8 million) given to bank in respect of banking facilities utilized by subsidiaries.

#### Kenneth Gaw

*Managing Director*

Hong Kong, 23 June 2020

# 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 2020.

## 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 2020 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 21 January 2020.

The Board of Directors does not recommend payment of a final dividend for the year ended 31 March 2020 (2019: HK3.1 cents per ordinary share).

## 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 2020, including contributed surplus and retained earnings amounted to HK\$988,414,000 (2019: HK\$965,748,000).

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 120.

### 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 2020 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 2020, the Group's five largest customers together accounted for about 31% of the Group's total revenue and the largest customer accounted for about 10% 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, Mr. Goodwin Gaw and Mr. Kenneth Gaw 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 2020, 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

Name of director	Number of ordinary shares			Total	%
	Personal Interests	Interests held by controlled corporation	Interests held by family trust		
Rossana Wang Gaw	100,000	25,394,731 <sup>1</sup>	215,768,260 <sup>2</sup>	241,262,991	20.91
Kenneth Gaw	61,418,428	12,725,857 <sup>3</sup>	41,305,864 <sup>4</sup>	115,450,149	10.00
Christina Gaw	–	19,699,216 <sup>5</sup>	–	19,699,216	1.71
Stephen Tan	–	4,136,754 <sup>6</sup>	–	4,136,754	0.36

<sup>1</sup> Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 25,394,731 shares.

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

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

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

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

<sup>6</sup> Mr. Stephen Tan and his spouse together own 0.59% issued share capital of Bangkok Mercantile (Hong Kong) Company Limited ("Bangkok Mercantile"), besides, Mr. Stephen Tan and his brother jointly own 0.52% of 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.

**Long Position in Shares of Associated Corporations**

<b>Name of company</b>	<b>Name of director</b>	<b>Number of ordinary shares held by controlled corporation</b>	<b>%</b>
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 2020, 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 2020, 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.

<b>Name of shareholder</b>	<b>Number of ordinary shares</b>	<b>%</b>
Asset-Plus Investments Ltd.	115,351,866	9.99
Forward Investments Inc.	283,200,215	24.54
Intercontinental Enterprises Corporation	215,768,260 <sup>1</sup>	18.70
Prosperous Island Limited	97,324,936	8.43

<sup>1</sup> 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".

## Directors' Report

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 2020, 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 120 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 separately in the environmental, social and governance report (“ESG Report”). The ESG Report can be assessed under the section “ESG Reports” at the Company’s website ([www.pioneerglobalgroup.com](http://www.pioneerglobalgroup.com) or [www.irasia.com/listco/hk/pioneer/index.htm](http://www.irasia.com/listco/hk/pioneer/index.htm)).

### 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 2020, the number of salaried staff at the holding company level was 18 (2019: 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 2020, 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 28 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 31.

## 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 24 May 2019, Pine International Limited ("Pine International"), a wholly-owned subsidiary of the Company, entered into a subscription agreement to invest in Gateway VI Co-Investment (Panorama), L.P., ("Panorama") for a capital commitment of HK\$55.0 million. Panorama is one of the investors of a consortium established by Gaw Capital Partners ("GCP") to purchase 65% of Henglilong Investments Limited ("Henglilong") which owns 100% beneficial interest in Cityplaza Three (half block) and Cityplaza Four in Taikoo, Hong Kong (the "Cityplaza Properties"). The other investors in the consortium consisted of investment funds controlled by GCP and Traveluck Investments Inc. ("Traveluck"). Upon completion of the transaction, Pine International will hold 0.9% indirect interest in the Cityplaza Properties.

(i) GCP is a private equity fund management company controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw (executive directors of the Company), (ii) Panorama is controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw (executive directors of the Company) and (iii) Traveluck is owned and controlled by Mrs. Rossana Wang Gaw (executive director of the Company). They are therefore connected persons of the Company under the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules").

### (2) Continuing Connected Transactions

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 for rental income with Gaw Capital Advisors Limited ("GCAL") and Gaw Capital Asset Management (HK) Limited ("GCAM), as the tenants, pursuant to which Treasure Spot agreed to lease the partial of 18th and 19th floors, 68 Yee Wo Street, Causeway Bay, Hong Kong at HK\$811,776 per calendar month, and a unit on 10th floor, 68 Yee Wo Street, Hong Kong at HK\$151,720 per calendar month to GCAL and GCAM, respectively, for a term of 3 years from 1 July 2019 to 30 June 2022.

## Directors' Report

GCAL and GCAM are controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw (executive directors of the Company). They are therefore connected persons 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 17 June 2020 containing its findings and conclusions in respect of the continuing connected transactions 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 28 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

The financial statements for the year ended 31 March 2020 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, 23 June 2020

# Biographical Details of Directors

## EXECUTIVE DIRECTORS

### **Mrs. Rossana WANG GAW (Chairman)**

Aged 74, 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 51, 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 49, 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.

## Biographical Details of Directors

### **Ms. Christina GAW**

Aged 47, was appointed to the Board in 2014. She is a Managing Partner and Head of Capital Markets of Gaw Capital Partners. She works closely with limited partners relating to capital raising and new product developments. Since 2005, Gaw Capital Partners is a real estate private equity firm and has raised six commingled funds in Asia and three US funds, alongside other global separate account mandates within the real estate space. Prior to joining Gaw Capital Partners, 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. Ms. Gaw is also active in community and educational sector capacity work in Hong Kong. She is a Board Member of InspiringHK Sports Foundation, Finance Committee Member of Hong Kong International School, Corporate Member of the Cheltenham Ladies' College UK, Executive Committee Member of the St. Paul's Co-Ed College Alumni Association (HK), School Supervisor for TWGHs S. C. Gaw Memorial College in Hong Kong, a member of Board of Advisors for Teach for Hong Kong (TFHK) and a Council Member of Lingnan University. Ms. Gaw is also passionate about women and girls' advancement issues. 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 64, 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 83, 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 general 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.

## Biographical Details of Directors

### **Mr. Arnold Tin Chee IP**

Aged 57, 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 66, 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, a member of the Board of Governors of Hong Kong Sinfonietta Limited and the Chairman of Bangkok Mercantile (Hong Kong) Company Limited. He is a Standing Committee Member of the Chinese General Chamber of Commerce and the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited. Mr. Tan is also a voting member of Tung Wah Group of Hospitals Advisory Board and a Chartered member of the Rotary Club of The Peak.

# Corporate Governance Report

## 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 2020, 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 17 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.

## Corporate Governance Report

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, four Board meetings and the 2019 Annual General Meeting were held. The composition of the Board and attendance record of each Director at these meetings are set out below:

<b>Directors</b>	<b>Number of Board Meeting attended</b>	<b>Number of General Meeting attended</b>
<b>Executive Directors</b>		
Rossana Wang Gaw ( <i>Chairman</i> )	4/4	1/1
Goodwin Gaw ( <i>Vice Chairman</i> )	3/4	0/1
Kenneth Gaw ( <i>Managing Director</i> )	4/4	1/1
Christina Gaw	2/4	1/1
Alan Kam Hung Lee	4/4	1/1
<b>Independent Non-executive Directors</b>		
Dr. Charles Wai Bun Cheung, JP	4/4	1/1
Arnold Tin Chee Ip	4/4	1/1
Stephan Tan	4/4	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:

<b>Directors</b>	<b>Reading journals, Newspapers and/or updates*</b>	<b>Attending seminars, webinars, forums and/or conference*</b>
<b>Executive Directors</b>		
Rossana Wang Gaw ( <i>Chairman</i> )	✓	✓
Goodwin Gaw ( <i>Vice Chairman</i> )	✓	✓
Kenneth Gaw ( <i>Managing Director</i> )	✓	✓
Christina Gaw	✓	✓
Alan Kam Hung Lee	✓	✓
<b>Independent Non-executive Directors</b>		
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 2020. 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:

<b>Directors</b>	<b>Number of Remuneration Committee Meeting attended</b>
<b>Independent Non-executive Directors</b>	
Arnold Tin Chee Ip ( <i>Chairman</i> )	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 approved the remuneration packages for the Executive Directors for year 2020 and the bonus for year 2019 and reported the same to the Board. Details of the Directors' remuneration for year 2020 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:

<b>Directors</b>	<b>Number of Audit Committee Meeting attended</b>
<b>Independent Non-executive Directors</b>	
Dr. Charles Wai Bun Cheung, JP ( <i>Chairman</i> )	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 including but not limited to character and reputation, qualifications (including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy), the willingness and ability to devote sufficient time to discharge duties as a member of the Board, and the board diversity policy. 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:

<b>Directors</b>	<b>Number of Nomination Committee Meeting attended</b>
<b>Executive Directors</b>	
Rossana Wang Gaw ( <i>Chairman</i> )	1/1
Kenneth Gaw	1/1
<b>Independent Non-executive Directors</b>	
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 2020 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 2020 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 32 to 37.

During the financial year ended 31 March 2020, the fees charged by the external auditor of the Company for their statutory audit services amounted to HK\$600,000 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 2020. 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](mailto:info@pioneerglobalgroup.com)). Shareholders may also make enquiries during the general meetings of the Company.

### **Constitutional Documents**

During the financial year ended 31 March 2020, 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](http://www.pioneerglobalgroup.com) or [www.irasia.com/listco/hk/pioneer/index.htm](http://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.

# Independent Auditor's Report



**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 118, which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020, 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
<p><b>Valuation of investment properties</b></p> <p>Refer to Note 12 to the consolidated financial statements</p> <p>As at 31 March 2020, the carrying amount of the Group's investment properties amounted to approximately HK\$7,584,000,000 as disclosed in Note 12 to the consolidated financial statements, unrealized gain on fair value changes of investment properties of approximately HK\$50,901,000 was recognized in profit or loss.</p> <p>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.</p>	<p>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 2020.</p> <p>We compared the market transactions and market rental with similar properties and locations.</p> <p>We evaluated the valuer's competence, capabilities and objectivity.</p>

## Independent Auditor's Report

### Key Audit Matters *(continued)*

Key audit matters	How our audit addressed the key audit matters
<p><b>Valuation of associates</b></p> <p>Refer to Note 13 to the consolidated financial statements</p> <p>As at 31 March 2020, the carrying amount of the Group's interest in associates amounted to approximately HK\$2,146,408,000 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\$1,411,064,000. The major investment of Supreme Key is investment in an equity instrument of a private entity which is classified as a financial asset at fair value through profit or loss and the major investment of the financial assets is an investment property which is running hotel business. The investment property is measured at fair value based on valuation performed by an independent qualified professional valuer. Given that the fair value estimation itself is subjective, we have identified the valuation of the investment property of Supreme Key as one of the key audit matters.</p>	<p>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 accounting policies.</p> <p>We have performed system review regarding the business operation of Supreme Key and the hotel business to understand the internal control and assess its effectiveness. We have also performed audit procedures on material items of the associates.</p> <p>With regard to the investment property under the hotel business, we performed the procedures which are the same as those procedures as we have conducted for addressing the key audit matter "Valuation of investment properties" as set out above.</p>

### 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 HKSA's 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 HKSA's, 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, 23 June 2020

# Consolidated Statement of Profit or Loss

For the year ended 31 March 2020

		For the year ended 31 March	
	Notes	2020 HK\$'000	2019 HK\$'000
Revenue			
Company and subsidiaries		<b>295,756</b>	290,933
Share of associates (Note)		<b>319,850</b>	452,183
		<b>615,606</b>	743,116
Revenue of Company and subsidiaries	3, 4	<b>295,756</b>	290,933
Properties operating expenses		<b>(43,375)</b>	(42,593)
Staff costs		<b>(23,828)</b>	(22,643)
Depreciation		<b>(815)</b>	(998)
Other expenses		<b>(4,475)</b>	(4,186)
		<b>(72,493)</b>	(70,420)
Operating profit		<b>223,263</b>	220,513
Share of results of associates		<b>(149,624)</b>	167,309
Change in fair value of investment properties	12	<b>50,901</b>	366,503
Change in fair value of investments in equity instruments at fair value through profit or loss ("FVTPL")		<b>41,315</b>	(9,721)
Other gains and losses	5	<b>663</b>	394
Finance costs	6	<b>(67,944)</b>	(69,087)
Profit before taxation	7	<b>98,574</b>	675,911
Taxation			
Current	8	<b>(16,599)</b>	(15,222)
Deferred	8	<b>(6,853)</b>	(8,640)
Profit for the year		<b>75,122</b>	652,049
Profit attributable to:			
Shareholders of the Company		<b>38,454</b>	539,701
Non-controlling interests		<b>36,668</b>	112,348
		<b>75,122</b>	652,049
Earnings per share	10	<b>HK cents 3.33</b>	HK cents 46.77

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 2020

	For the year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Profit for the year	<b>75,122</b>	652,049
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")	<b>(39,802)</b>	(6,229)
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of investments in debt instruments at FVTOCI	<b>(651)</b>	431
Exchange difference on translation of associates	<b>(16,637)</b>	(7,301)
Other comprehensive expense for the year, net of tax	<b>(57,090)</b>	(13,099)
Total comprehensive income for the year	<b>18,032</b>	638,950
Total comprehensive income attributable to:		
Shareholders of the Company	<b>(14,529)</b>	526,602
Non-controlling interests	<b>32,561</b>	112,348
	<b>18,032</b>	638,950

# Consolidated Statement of Financial Position

At 31 March 2020

		<b>At 31 March 2020</b>	At 31 March 2019
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>ASSETS</b>			
Non-current assets			
Investment properties	12	<b>7,584,000</b>	7,525,000
Associates	13	<b>2,146,408</b>	2,337,377
Debt instruments at FVTOCI	14	<b>1,647</b>	1,907
Equity instruments designated at FVTOCI	14	<b>232,286</b>	273,267
Equity instruments at FVTPL	14	<b>174,497</b>	81,301
Property, plant & equipment	15	<b>3,262</b>	4,004
Other assets		<b>300</b>	300
		<b>10,142,400</b>	10,223,156
Current assets			
Debtors, advances & prepayments	16	<b>24,227</b>	20,507
Debt instruments at FVTOCI	14	–	71,134
Tax assets		<b>495</b>	1,893
Cash & bank balances	17	<b>390,267</b>	287,453
		<b>414,989</b>	380,987
<b>Total assets</b>		<b>10,557,389</b>	10,604,143
<b>EQUITY</b>			
Share capital	18	<b>115,404</b>	115,404
Reserves		<b>6,912,398</b>	6,980,013
Shareholders' funds		<b>7,027,802</b>	7,095,417
Non-controlling interests		<b>1,075,293</b>	1,066,732
<b>Total equity</b>		<b>8,103,095</b>	8,162,149

## Consolidated Statement of Financial Position

At 31 March 2020

		At 31 March 2020	At 31 March 2019
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>LIABILITIES</b>			
Non-current liabilities			
Creditors & accruals	19	51,896	49,066
Secured bank loans	20	1,417,500	1,881,000
Obligations under finance lease	21	–	664
Lease liabilities	22	65	–
Deferred taxation	23	70,663	63,810
		<b>1,540,124</b>	1,994,540
Current liabilities			
Creditors & accruals	19	45,027	44,518
Secured bank loans	20	863,500	400,000
Obligations under finance lease	21	–	343
Lease liabilities	22	600	–
Tax liabilities		5,043	2,593
		<b>914,170</b>	447,454
<b>Total liabilities</b>		<b>2,454,294</b>	2,441,994
<b>Total equity and liabilities</b>		<b>10,557,389</b>	10,604,143

The Group's consolidated financial statement on pages 38 to 118 were approved and authorized for issue by the Board of Directors on 23 June 2020 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 2020

	Attributable to shareholders of the Company										
	Share capital	Share premium	Capital reserve & surplus		Exchange reserve	Investment revaluation reserve	Property revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
			contributed	Exchange							
			HK\$'000	HK\$'000							
<b>At 1 April 2019</b>	<b>115,404</b>	<b>547,748</b>	<b>41,242</b>	<b>18,619</b>	<b>99,172</b>	<b>174,497</b>	<b>6,098,735</b>	<b>7,095,417</b>	<b>1,066,732</b>	<b>8,162,149</b>	
Fair value change of investments in											
– equity instruments designated at FVTOCI	-	-	-	-	(35,695)	-	-	(35,695)	(4,107)	(39,802)	
– debt instruments at FVTOCI	-	-	-	-	(651)	-	-	(651)	-	(651)	
Exchange on translation of associates	-	-	-	(16,637)	-	-	-	(16,637)	-	(16,637)	
Other comprehensive expense for the year	-	-	-	(16,637)	(36,346)	-	-	(52,983)	(4,107)	(57,090)	
Profit for the year	-	-	-	-	-	-	38,454	38,454	36,668	75,122	
Total comprehensive (expense)/income for the year	-	-	-	(16,637)	(36,346)	-	38,454	(14,529)	32,561	18,032	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(24,000)	(24,000)	
2019 final dividend paid	-	-	-	-	-	-	(35,775)	(35,775)	-	(35,775)	
2020 interim dividend paid	-	-	-	-	-	-	(17,311)	(17,311)	-	(17,311)	
<b>At 31 March 2020</b>	<b>115,404</b>	<b>547,748</b>	<b>41,242</b>	<b>1,982</b>	<b>62,826</b>	<b>174,497</b>	<b>6,084,103</b>	<b>7,027,802</b>	<b>1,075,293</b>	<b>8,103,095</b>	

## Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Attributable to shareholders of the Company										
	Share capital	Share premium	Capital reserve & contributed surplus		Exchange reserve	Investment revaluation reserve	Property revaluation reserve	Retained earnings	Non-controlling interests		Total equity
			reserve & surplus	reserve					Total	interests	
			HK\$'000	HK\$'000					HK\$'000	HK\$'000	
<b>At 1 April 2018</b>	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)	
<b>At 31 March 2019</b>	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 Cash Flows

For the year ended 31 March 2020

	For the year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit before taxation	98,574	675,911
Share of results of associates	149,624	(167,309)
Increase in fair value of investment properties	(50,901)	(366,503)
Change in fair value of investments in equity instruments at FVTPL	(41,315)	9,721
Other gains and losses	(663)	(394)
Depreciation	815	998
Interest income	(8,220)	(9,543)
Finance costs	67,944	69,087
Dividend income		
– listed	(6,989)	(8,391)
– unlisted	(2,045)	(520)
Operating cash flows before working capital changes	206,824	203,057
(Increase)/decrease in debtors, advances & prepayments	(3,434)	5,275
Increase in creditors & accruals	4,525	2,036
Cash generated from operations	207,915	210,368
Hong Kong profits tax paid	(12,807)	(15,381)
Hong Kong profits tax refund	56	38
Net cash generated from operating activities	195,164	195,025

## Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	For the year ended 31 March	
	2020 HK\$'000	2019 HK\$'000
Cash flows from investing activities		
Decrease/(Increase) in short-term bank deposits maturing after three months	12,270	(12,270)
Additions to investment properties	(8,099)	(497)
Financial instruments:		
Purchase of investments in equity instruments designated at FVTOCI	(235)	(16,314)
Purchase of investments in equity instruments at FVTPL	(51,881)	–
Proceeds from return of capital of equity instruments designated at FVTOCI	1,416	335
Proceeds on disposal of investments in equity instruments designated at FVTOCI	–	104,318
Proceeds on disposal of investments in debt instruments at FVTOCI	71,136	–
Associates:		
Advance to associates	(100)	(92,543)
Repayment from associates	9,584	9,673
Distribution from associates	15,224	17,364
New/additional investment	–	(1)
Property, plant & equipment:		
Purchase of property, plant & equipment	(88)	(33)
Dividend received from investments in equity instruments designated at FVTOCI	9,034	8,911
Interest received	7,934	9,643
<b>Net cash generated from investing activities</b>	<b>66,195</b>	<b>28,586</b>

## Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Note	For the year ended 31 March	
		2020 HK\$'000	2019 HK\$'000
<b>Cash flows from financing activities</b>			
Repayment of obligations under financial lease		-	(321)
Repayment of lease liabilities		(342)	-
Interest paid		(67,228)	(61,787)
Other finance costs paid		(1,600)	(3,329)
Dividend paid to shareholders of the Company		(53,086)	(53,086)
Distributions to non-controlling shareholders of subsidiaries		(24,000)	(28,000)
<b>Net cash used in financing activities</b>		<b>(146,256)</b>	(146,523)
<b>Net increase in cash and cash equivalents</b>		<b>115,103</b>	77,088
Exchange difference		(19)	(14)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>275,183</b>	198,109
<b>Cash and cash equivalents at the end of the year</b>		<b>390,267</b>	275,183
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances, cash & deposits placed with banks up to three months' maturity	17	390,267	275,183

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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 by the Company and its subsidiaries (collectively referred to as the “Group”) in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2019, except for the changes as set out below.

During the current year, the Group has applied the following new HKFRSs and amendments to HKFRSs issued by the HKICPA for the first time:

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

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (b) Statement of compliance *(continued)*

##### ***HKFRS 16 “Leases”***

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

##### ***Definition of a lease***

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

##### ***As a lessee***

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognized additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b) (ii) transition. Comparative information has not been restated.

For leases that were previously classified as finance leases applying HKAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before that date measured applying HKAS 17. For those leases, a lessee shall account for the right-of-use asset and the lease liability applying this Standard from the date of initial application.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (b) Statement of compliance *(continued)*

##### *As a lessee (continued)*

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative of impairment review;
- ii. elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (b) Statement of compliance *(continued)*

##### *As a lessee (continued)*

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of land and building that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 2.84%.

	At 1 April 2019 <i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019 <i>(Note 25)</i>	3,990
Lease liabilities discounted at relevant incremental borrowing rates	3,990
Less: Recognition exemption – short-term leases and others	(3,990)
Lease liabilities relating to operating leases recognized upon application of HKFRS 16	–
Add: Obligations under finance leases recognized at 31 March 2019	1,007
Lease liabilities as at 1 April 2019	1,007
Analysed as	
– Current	343
– Non-current	664
	1,007

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Statement of compliance (continued)

##### As a lessee (continued)

##### Short-term leases and leases of low-value assets (continued)

The following adjustments were made to the amounts recognized in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 April 2019 HK\$'000
<b>Current liabilities</b>			
Leases liabilities	–	343	343
Obligations under finance leases	343	(343)	–
<b>Non-current liabilities</b>			
Leases liabilities	–	664	664
Obligations under finance leases	664	(664)	–

*Note:* For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

##### As a lessor

The application of HKFRS 16 as a lessor has no material impact on the Group's consolidated statement of financial position as at 1 April 2019 and 31 March 2020 and its consolidated statement of profit or loss and other comprehensive income and cash flows for the current year.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (b) Statement of compliance *(continued)*

##### ***Amendments to HKAS 28 “Long-term Interests in Associates and Joint Ventures”***

The amendments require that an entity applies HKFRS 9 “Financial Instruments” (“HKFRS 9”), including the impairment requirements, to long-term interests in an associate to which the equity method is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

As at 31 March 2020, amounts due from associates of HK\$1,251,237,000 are considered as long-term interests that, in substance form part of the Group’s net investments in the relevant associates. However, the application is not expected to have impact as the Group’s existing accounting policies are consistent with the requirements required by the amendments.

##### ***New and amendments to HKFRSs in issue but not yet effective***

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

HKFRS 17	Insurance Contracts <sup>4</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021

In addition to the above new and amendments to HKFRSs, a revised “Conceptual Framework for Financial Reporting” was issued in 2018. Its consequential amendments, the “Amendments to References to the Conceptual Framework” in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2020 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.

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 accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable 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 is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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.

#### (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 2020 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (e) **Subsidiaries** *(continued)*

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.

#### (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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (f) Associates *(continued)*

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.

#### (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. Effective 1 April 2019, investment properties also include leased properties which are being recognized as right-of-use assets upon application of HKFRS 16 and subleased by the Group under operating leases. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured 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.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (i) Financial instruments *(continued)*

##### **Financial assets**

##### *Classification and subsequent measurement of financial assets*

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (i) Financial instruments *(continued)*

##### **Financial assets** *(continued)*

##### *Classification and subsequent measurement of financial assets (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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 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*

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 ("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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (i) Financial instruments *(continued)*

##### **Financial assets** *(continued)*

##### *Impairment of financial assets under ECL model (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.

##### **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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (i) Financial instruments *(continued)*

##### **Financial liabilities and equity instruments** *(continued)*

###### *Financial liabilities*

Financial liabilities (including creditors, lease liabilities and secured bank loans) 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.

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (j) Impairment on plant and equipment and right-of-use assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and right of use assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount.

For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units.

In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognized immediately in profit or loss.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (j) Impairment on plant and equipment and right-of-use assets other than goodwill *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but 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 (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### (k) Leases

##### ***Definition of a lease (upon application of HKFRS 16 in accordance with transitions in Note 1(b))***

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### ***The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 1(b))***

###### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (k) Leases *(continued)*

***The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 1(b)) (continued)***

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of land and building that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (k) Leases *(continued)*

***The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 1(b)) (continued)***

*Right-of-use assets (continued)*

The Group presents right-of-use assets that do not meet the definition of investment property, properties under development or completed properties held for sale as a separate line item on the consolidated statement of financial position.

*Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

*Lease liabilities*

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. 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.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (k) Leases *(continued)*

***The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 1(b)) (continued)***

*Lease liabilities (continued)*

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

*Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (k) Leases *(continued)*

##### ***The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 1(b)) (continued)***

###### *Lease modifications (continued)*

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### ***The Group as lessor (before and after application of HKFRS 16)***

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Other than investment properties measured under fair value model, such costs are recognized as an expense on a straight-line basis over the lease term.

##### ***The Group as lessee (prior to 1 April 2019)***

###### *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.

###### *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.

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (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 include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

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.

#### (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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (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

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (p) Revenue recognition *(continued)*

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.

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (q) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

#### (r) Employee benefits

##### *Retirement benefit costs*

Payments to the Mandatory Provident Fund Scheme is recognized as an expense when employees have rendered service entitling them to the contributions.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (r) Employee benefits *(continued)*

##### *Short-term employee benefits*

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages, salaries, annual leaves and sick leaves) after deducting any amount already paid.

#### (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.

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (s) Taxation *(continued)*

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.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 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 of a parent of the Group;

or

(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) the entity and the Group 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;
- (6) the entity is controlled or jointly controlled by a person identified in Note 1 (u)(i);
- (7) a person identified in Note 1 (u)(i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (8) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 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.

#### **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 China, 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 China, 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 China, the Group recognized additional deferred taxes based on Enterprise Income Tax upon changes in fair value of such investment properties as appropriate.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### 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\$7,584,000,000 (2019: HK\$7,525,000,000) based on the valuations conducted by AA Property Services Limited, an independent professional valuer, 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.

In relying on the valuation, 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 2020 are disclosed in Note 12.

#### Fair value measurement of financial instruments

Certain of the Group's financial assets amounting to HK\$296,768,000 as at 31 March 2020 (2019: HK\$209,395,000) are measured at fair values with fair values being determined based on unobservable 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 value of these instruments. See Note 14 for further disclosures.

### 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. SEGMENT INFORMATION *(continued)*

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 2020 (31 March 2019)

	Property and hotels		Investments and others		Consolidated	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>						
Company and subsidiaries	<b>278,502</b>	272,107	<b>17,254</b>	18,826	<b>295,756</b>	290,933
<b>Segment result</b>	<b>207,482</b>	202,977	<b>16,106</b>	17,720	<b>223,588</b>	220,697
Unallocated corporate expenses					<b>(325)</b>	(184)
Operating profit					<b>223,263</b>	220,513
Share of results of associates	<b>(149,624)</b>	167,309	-	-	<b>(149,624)</b>	167,309
Change in fair value of investment properties	<b>50,901</b>	366,503	-	-	<b>50,901</b>	366,503
Change in fair value of investments in equity instruments at FVTPL	<b>41,315</b>	(9,721)	-	-	<b>41,315</b>	(9,721)
Other gains and losses	-	-	<b>663</b>	394	<b>663</b>	394
Finance costs					<b>(67,944)</b>	(69,087)
Profit before taxation					<b>98,574</b>	675,911

Segment result represents the profit earned by each segment without allocation of general administrative expenses incurred by corporate office, share of results 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. SEGMENT INFORMATION (continued)

#### Segment Assets and Liabilities

As at 31 March 2020 (31 March 2019)

	Property and hotels		Investments and others		Consolidated	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<b>7,951,082</b>	7,806,109	<b>459,899</b>	460,657	<b>8,410,981</b>	8,266,766
Investment in associates	<b>2,146,408</b>	2,337,377	-	-	<b>2,146,408</b>	2,337,377
Consolidated total assets					<b>10,557,389</b>	10,604,143
Segment liabilities	<b>(2,452,026)</b>	(2,439,791)	<b>(1,582)</b>	(920)	<b>(2,453,608)</b>	(2,440,711)
Unallocated corporate liabilities					<b>(686)</b>	(1,283)
Consolidated total liabilities					<b>(2,454,294)</b>	(2,441,994)

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	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure	<b>60,080</b>	93,041	<b>323</b>	16,347	<b>60,403</b>	109,388
Depreciation	<b>815</b>	998	-	-	<b>815</b>	998

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 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 2020 (31 March 2019)

	Segment revenue		Segment assets	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Hong Kong	290,498	285,882	8,134,653	7,945,911
Overseas	5,258	5,051	276,328	320,855
	<b>295,756</b>	290,933	<b>8,410,981</b>	8,266,766

For the year ended 31 March 2020, a customer contributed revenue of HK\$29,818,000 (2019: HK\$29,648,000) to the Group, which accounted for about 10% (2019: 11%) of the Group's revenue.

### 4. REVENUE

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

	2020 HK\$'000	2019 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Property expenses recovery from tenants	43,379	41,743
<b>Revenue from other sources</b>		
Rental income from property leasing	235,123	230,364
Dividend income		
– equity instruments designated at FVTOCI	9,034	8,911
Interest income		
– financial assets at amortized cost	7,039	7,496
– debt instruments at FVTOCI	1,181	2,047
Others	–	372
	<b>295,756</b>	290,933

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 5. OTHER GAINS AND LOSSES

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net gain on disposal of financial instruments	394	–
Other gains	269	394
	<b>663</b>	394

### 6. FINANCE COSTS

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans	66,314	64,009
Interest on finance lease	–	53
Interest on lease liabilities	30	–
Other finance costs	1,600	5,025
	<b>67,944</b>	69,087

### 7. PROFIT BEFORE TAXATION

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>

**Profit before taxation has been arrived at after charging:**

Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	20,457	19,290
Minimum lease payment for directors' quarters	3,120	3,120
Pension scheme contributions	251	233
Auditor's remuneration	600	589
Depreciation	815	998
Net exchange loss	18	14

**and after crediting:**

Rental income from property leasing	235,123	230,364
Add: other income	2,061	147
Listed investment income	6,989	8,391
Unlisted investment income	2,045	520
Interest income	8,220	9,543

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 8. TAXATION

#### (a) Taxation

	2020			2019		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
Provision/(credit) for the year						
Hong Kong	16,599	7,103	23,702	14,962	7,390	22,352
Overseas	-	(250)	(250)	-	1,250	1,250
Under-provision in prior years	-	-	-	260	-	260
	<b>16,599</b>	<b>6,853</b>	<b>23,452</b>	15,222	8,640	23,862

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\$2.0 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2.0 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 8. TAXATION (continued)

#### (b) Reconciliation between accounting profits and the taxation charge

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit before taxation	98,574	675,911
Less: Share of results of associates, net of tax	149,624	(167,309)
Profit before taxation attributable to the Company and its subsidiaries	248,198	508,602
Tax calculated at applicable tax rate of 16.5% (2019: 16.5%)	40,953	83,919
Effect of different applicable tax rate for operations in overseas	(25)	480
Expenses not deductible for taxation purposes	5,126	1,552
Income not subject to taxation	(22,397)	(63,233)
Current year tax losses not recognized	1,495	1,056
Utilization of recognized tax loss	(1,497)	–
Utilization of previously unrecognized tax loss	–	(172)
Under-provision in prior years	–	260
Tax relief for the year	(203)	–
Taxation charge	23,452	23,862

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 9. DIVIDENDS

	2020 HK\$'000	2019 HK\$'000
Interim dividend of HK1.5 cents (2019: HK1.5 cents) per ordinary share	<b>17,311</b>	17,311
Final dividend proposed – Nil (2019: HK3.1 cents per ordinary share)	–	35,775
	<b>17,311</b>	53,086

The dividends which have been paid during the year by cash are as follows:

Interim for the year ended 31 March 2020 (2019)	<b>17,311</b>	17,311
Final for the year ended 31 March 2019 (2018)	<b>35,775</b>	35,775
	<b>53,086</b>	53,086

The Board of Directors does not recommend payment of a final dividend for the year ended 31 March 2020 (2019: HK\$3.1 cents per ordinary share).

### 10. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to ordinary shareholders of the Company amounting to HK\$38,454,000 (2019: HK\$539,701,000) and on 1,154,038,656 shares (2019: 1,154,038,656 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2020 and 2019 as the Company had no dilutive potential ordinary shares during both years.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

#### (a) Directors' emoluments

	Directors' fee <i>HK\$'000</i>	Salaries, allowances and benefits <i>HK\$'000</i>	Discretionary bonus* <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	2020 Total <i>HK\$'000</i>
Executive Directors					
Rossana Wang Gaw	55	2,877	1,100	–	4,032
Goodwin Gaw	55	555	1,200	18	1,828
Kenneth Gaw	55	4,434	2,200	18	6,707
Christina Gaw	55	315	800	16	1,186
Alan Kam Hung Lee	55	1,697	1,500	18	3,270
Independent Non-executive Directors					
Charles Wai Bun Cheung, JP	100	–	–	–	100
Stephen Tan	100	–	–	–	100
Arnold Tin Chee Ip	100	–	–	–	100
<b>Total</b>	<b>575</b>	<b>9,878</b>	<b>6,800</b>	<b>70</b>	<b>17,323</b>

	Directors' fee <i>HK\$'000</i>	Salaries, allowances and benefits <i>HK\$'000</i>	Discretionary bonus* <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	2019 Total <i>HK\$'000</i>
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
<b>Total</b>	<b>575</b>	<b>9,606</b>	<b>6,800</b>	<b>52</b>	<b>17,033</b>

\* 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 2020 and 2019.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### (b) Other senior management's emoluments

For the years ended 31 March 2020 and 2019, all of the five highest paid individuals are directors. Details of whose emoluments are included above.

### 12. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
Value at 31 March 2018	7,158,000
Additions	497
Revaluation	366,503
Value at 31 March 2019	<b>7,525,000</b>
Additions	<b>8,099</b>
Revaluation	<b>50,901</b>
<b>At 31 March 2020</b>	<b>7,584,000</b>

Investment properties are properties held by the owner or by the lessee as a right-of-use asset to earn rentals or for capital appreciation or both.

Investment properties have been valued at 31 March 2020 and 2019 by AA Property Services Limited, an independent professional valuer, who has recognized relevant professional qualifications and experiences in valuation of properties. The directors of the Company had on-going discussions with the valuer 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 2020 and 2019 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 12. INVESTMENT PROPERTIES (continued)

Descriptions	Fair value <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>
<b>As at 31 March 2020</b>		
Investment properties		
In Hong Kong	7,557,000	7,557,000
In China	27,000	27,000
	<b>7,584,000</b>	<b>7,584,000</b>
<b>As at 31 March 2019</b>		
Investment properties		
In Hong Kong	7,497,000	7,497,000
In China	28,000	28,000
	7,525,000	7,525,000

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 2020 and 2019, 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 12. INVESTMENT PROPERTIES (continued)

#### Information about fair value measurement using significant unobservable inputs

2020

Descriptions	Fair value as at 31 March 2020 <i>HK\$'000</i>	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Hong Kong	7,557,000	Investment approach	(i) Capitalization rate	2.4% – 4.4%	The higher the capitalization rate, the lower the fair value
			(ii) Market rent	HK\$8 – \$94/ft <sup>2</sup> per month	The higher the market rent, the higher the fair value
Properties in China	27,000	Investment approach	(i) Capitalization rate	2.5%	The higher the capitalization rate, the lower the fair value
			(ii) Market rent	RMB109/m <sup>2</sup> per month	The higher the market rent, the higher the fair value

2019

Descriptions	Fair value as at 31 March 2019 <i>HK\$'000</i>	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 <sup>2</sup> per month	The higher the market rent, the higher the fair value
Properties in 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 <sup>2</sup> 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 13. ASSOCIATES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost of investment	219,623	219,623
Share of post-acquisition reserves	675,548	857,234
	895,171	1,076,857
Amounts due from associates	1,251,237	1,260,520
	2,146,408	2,337,377

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 2020 and 2019 are set out in Note 33.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Carrying value of the material associate in the consolidated financial statements:		
Supreme Key Limited	1,411,064	1,606,174
Aggregate carrying value of associates that are not individually material in the consolidated financial statements	735,344	731,203
	2,146,408	2,337,377

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 13. ASSOCIATES (continued)

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

	<b>Supreme Key Limited</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Non-current assets	<b>4,669,817</b>	5,305,355
Current assets	<b>278</b>	12,802
Non-current liabilities	<b>(3,734,312)</b>	(3,734,312)
Current liabilities	<b>(86,488)</b>	(116,131)
<b>Net assets</b>	<b>849,295</b>	1,467,714
Revenue		
Net change in unrealized appreciation on financial assets at fair value through profit or loss	<b>(675,528)</b>	424,740
Dividend and interest income	<b>57,205</b>	49,577
	<b>(618,323)</b>	474,317
(Loss)/profit for the year	<b>(618,419)</b>	474,130
Other comprehensive income	–	–
<b>Total comprehensive (expense)/income</b>	<b>(618,419)</b>	474,130
Reconciled to the Company's interest on the associate:		
Gross amounts of net assets of the associate	<b>849,295</b>	1,467,714
Group's effective interest	<b>30.0%</b>	30.0%
Group's share of net assets of the associate	<b>254,789</b>	440,314
Amount due from the associate	<b>1,156,275</b>	1,165,860
Carrying value of the associate in the consolidated financial statements	<b>1,411,064</b>	1,606,174

The major asset of Supreme Key Limited is the investment in InterContinental Hong Kong ("ICHK"). ICHK was closed in April 2020 for renovation.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 13. ASSOCIATES (continued)

Aggregate financial information of associates that are not individually material:

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Aggregate carrying value of associates that are not individually material in the consolidated financial statements	<b>735,344</b>	731,203
Aggregate amounts of the Group's share of those associates:		
Profit for the year	<b>35,902</b>	25,070
Other comprehensive expense	<b>(16,637)</b>	(7,301)
Total comprehensive income	<b>19,265</b>	17,769

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 14. INVESTMENTS IN DEBT INSTRUMENTS AT FVTOCI/EQUITY INSTRUMENTS DESIGNATED AT FVTOCI/EQUITY INSTRUMENTS AT FVTPL

	2020 HK\$'000	2020 HK\$'000	2020 HK\$'000	2020 HK\$'000	2019 HK\$'000	2019 HK\$'000	2019 HK\$'000	2019 HK\$'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Investments in debt instruments at FVTOCI (Note a)</b>								
Debt securities								
Listed in Hong Kong	-	-	-	-	3,342	-	-	3,342
Listed outside Hong Kong	1,647	-	-	1,647	69,699	-	-	69,699
	1,647	-	-	1,647	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								
	1,647	-	-	1,647	1,907	-	-	1,907
<b>Investments in equity instruments at FVTPL (Note b)</b>								
Equity investments classified as non-current assets								
Unlisted outside Hong Kong	-	-	174,497	174,497	-	-	81,301	81,301
<b>Investments in equity instruments at FVTOCI (Note c)</b>								
Equity investments classified as non-current assets								
Listed in Hong Kong	109,396	-	-	109,396	143,733	-	-	143,733
Listed outside Hong Kong	619	-	-	619	1,440	-	-	1,440
Unlisted in Hong Kong	-	-	37	37	-	-	37	37
Unlisted outside Hong Kong	-	-	122,234	122,234	-	-	128,057	128,057
	110,015	-	122,271	232,286	145,173	-	128,094	273,267
<b>Total</b>	<b>111,662</b>	<b>-</b>	<b>296,768</b>	<b>408,430</b>	<b>218,214</b>	<b>-</b>	<b>209,395</b>	<b>427,609</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 14. INVESTMENTS IN DEBT INSTRUMENTS AT FVTOCI/EQUITY INSTRUMENTS DESIGNATED AT FVTOCI/EQUITY INSTRUMENTS AT FVTPL (continued)

Notes:

- (a) 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. During the year ended 31 March 2020, an amount of HK\$71,136,000 (2019: Nil) of the debt securities was disposed. 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 3.55% per annum and with maturity date on 12 March 2025.
- (b) The unlisted equity instruments at FVTPL represents a 4% ownership in a company which indirectly holds an investment property in Shanghai, China for rental income ("Shanghai Investment") and a 3.13% ownership in a company which indirectly holds an investment property in Tai Koo Shing, Hong Kong for rental income ("Hong Kong Investment").

The fair value of both Shanghai Investment and Hong Kong Investment amounted to HK\$73,833,000 (2019: HK\$81,301,000) and HK\$100,664,000 (2019: Nil) respectively, were 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 properties located in Shanghai and located in Hong Kong as at 31 March 2020 were amounted to RMB4,457,000,000, equivalent to approximately HK\$4,872,676,000 (2019: RMB4,454,000,000, equivalent to approximately HK\$5,144,370,000) and HK\$20,719,000,000 (2019: Nil) respectively. The fair value of the investment properties was measured by independent valuers 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 and Hong Kong Investment:

Valuation technique	Significant unobservable inputs	Range or weighted average of unobservable inputs	Relationship of unobservable inputs to fair value
Commercial property (in Shanghai) Income capitalization method	Investment yield	4.3%-4.8% (2019: 5.0%-6.0%)	The higher the investment yield, the lower the fair value
	Market rent		
	Office portion	RMB8.93/m <sup>2</sup> /day (2019: RMB9.41/m <sup>2</sup> /day)	The higher the market rent, the higher the fair value
	Retail portion	RMB11.65/m <sup>2</sup> /day (2019: RMB12.23/m <sup>2</sup> /day)	
Commercial property (in Hong Kong) Income capitalization method	Investment yield	1.7%-2.5%	The higher the investment yield, the lower the fair value
	Market rent		
	Office portion	HK\$42-HK\$58/sq. ft./month (2019: N/A)	The higher the market rent, the higher the fair value
	Retail portion	HK\$44-HK\$63/sq. ft./month (2019: N/A)	

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 14. INVESTMENTS IN DEBT INSTRUMENTS AT FVTOCI/EQUITY INSTRUMENTS DESIGNATED AT FVTOCI/EQUITY INSTRUMENTS AT FVTPL *(continued)*

Notes: *(continued)*

- (c) The directors of the Company have elected to designate these listed investments in Hong Kong and outside Hong Kong 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\$93,804,000 (2019: HK\$105,537,000). The calculation of the fair value of the unlisted equity instruments was prepared by the management, who 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 and economic performance in Malaysia.

During the year ended 31 March 2019, 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 14. INVESTMENTS IN DEBT INSTRUMENTS AT FVTOCI/EQUITY INSTRUMENTS DESIGNATED AT FVTOCI/EQUITY INSTRUMENTS AT FVTPL (continued)

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

	<b>HK\$'000</b>
At 1 April 2018	97,618
Additions	16,314
Return of capital	(334)
Transfer from level 2 (Note)	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)
At 31 March 2019	<b>209,395</b>
Additions	<b>52,116</b>
Return of capital	<b>(1,416)</b>
Total gains or losses recognized due to change in fair value of investments:	
In profit or loss	<b>41,315</b>
In other comprehensive income	<b>(4,642)</b>
<b>At 31 March 2020</b>	<b>296,768</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>				
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
Additions	–	<b>88</b>	–	<b>88</b>
Written-off	–	<b>(39)</b>	–	<b>(39)</b>
<b>At 31 March 2020</b>	<b>5,073</b>	<b>189</b>	<b>2,595</b>	<b>7,857</b>
<b>Accumulated depreciation</b>				
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
Charge for the year	<b>541</b>	<b>31</b>	<b>243</b>	<b>815</b>
Eliminated on written off	–	<b>(24)</b>	–	<b>(24)</b>
<b>At 31 March 2020</b>	<b>2,912</b>	<b>66</b>	<b>1,617</b>	<b>4,595</b>
<b>Net book value</b>				
<b>At 31 March 2020</b>	<b>2,161</b>	<b>123</b>	<b>978</b>	<b>3,262</b>
At 31 March 2019	2,702	81	1,221	4,004

The net book value of motor vehicles of HK\$978,000 (2019: HK\$1,221,000) includes an amount of HK\$905,000 (2019: HK\$1,131,000) in respect of assets held under lease contract.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 16. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Deferred rental receivables	9,502	9,928
Other deposits and prepayments	8,177	5,940
Trade and rental debtors	6,548	4,639
	<b>24,227</b>	20,507

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	5,633	4,367
31 – 60 days	388	111
61 – 90 days	286	60
> 90 days	241	101
	<b>6,548</b>	4,639

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 2020 and 2019.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 17. CASH & BANK BALANCES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cash at bank and in hand	27,075	34,091
Short-term bank deposits	363,192	241,092
Cash and cash equivalents	390,267	275,183
Short-term bank deposits maturing after three months	–	12,270
	<b>390,267</b>	287,453

Bank balances of HK\$57,937,000 (2019: HK\$54,154,000) were charged by the lending banks to secure payment of bank loan interest.

The effective interest rate on short-term bank deposits was 1.78% p.a. (2019: 2.34% p.a.).

For the year ended 31 March 2020 and 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong dollars	144,346	139,337
United States dollars	245,544	147,842
Others	377	274
	<b>390,267</b>	287,453

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 18. SHARE CAPITAL

	Number of Shares of HK\$0.10 each	HK\$'000
Authorized		
At 31 March 2020 and 31 March 2019	2,000,000,000	200,000
Issued and fully paid		
At 31 March 2020 and 31 March 2019	1,154,038,656	115,404

### 19. CREDITORS & ACCRUALS

	2020 HK\$'000	2019 HK\$'000
Creditors and accruals (due within one year)		
Rental deposit received	22,357	24,657
Accruals	13,291	13,846
Trade payables	9,379	6,015
	<b>45,027</b>	44,518
Creditors and accruals (due more than one year)		
Rental deposit received	51,896	49,066
	<b>96,923</b>	93,584

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

	2020 HK\$'000	2019 HK\$'000
0 – 30 days	7,064	5,364
31 – 60 days	938	319
61 – 90 days	809	153
> 90 days	568	179
	<b>9,379</b>	6,015

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 20. SECURED BANK LOANS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current		
Repayable within one year	<b>863,500</b>	400,000
Non-current		
Repayable more than one year but not exceeding two years	<b>1,417,500</b>	863,500
Repayable more than two years but not exceeding five years	–	1,017,500
	<b>1,417,500</b>	1,881,000

As at 31 March 2020 and 2019, all bank loans were denominated in Hong Kong dollars. The effective interest rate at the year end date was 2.90% p.a. (2019: 2.52% p.a.).

### 21. OBLIGATIONS UNDER FINANCE LEASE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Analysed for reporting purposes as:		
Current liabilities	–	343
Non-current liabilities	–	664
	–	1,007

As at 31 March 2019, 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. Interest rates underlying the obligations under finance lease are fixed at respective contract date ranging from 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 and HK\$1,007,000 respectively.

All the obligations under finance lease were reclassified to lease liabilities at the initial application of HKFRS 16 as at 1 April 2019.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 22. LEASE LIABILITIES

	<b>31 March 2020 HK\$'000</b>
Lease liabilities movements	
As at 1 April 2019 upon initial application of HKFRS 16	<b>1,007</b>
Repayment of principal of lease liabilities	<b>(342)</b>
As at 31 March 2020	<b>665</b>
Lease liabilities payable:	
Within one year	<b>600</b>
Within a period of more than one year but not more than two years	<b>65</b>
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(600)</b>
Amount due for settlement after 12 months shown under non-current liabilities	<b>65</b>

As at 31 March 2020, it is the Group's policy to lease certain of its motor vehicles under lease contract. The average lease term is 3 to 5 years. Interest rates underlying the lease liabilities are fixed at respective contract date ranging from 2% to 3.7% per annum.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 23. 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 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 1 April 2019	<b>5,013</b>	<b>60,550</b>	<b>(1,753)</b>	<b>63,810</b>
Charge to profit or loss	<b>(250)</b>	<b>5,606</b>	<b>1,497</b>	<b>6,853</b>
<b>At 31 March 2020</b>	<b>4,763</b>	<b>66,156</b>	<b>(256)</b>	<b>70,663</b>

At the end of the reporting period, the Group has unused tax losses of HK\$19,003,000 (2019: HK\$19,025,000) available for offsetting against future profits. The losses may be carried forward indefinitely. A deferred tax asset has been recognized in respect of HK\$1,552,000 (2019: HK\$10,624,000) of such losses.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 24. 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	Lease liabilities 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	<b>3,241</b>	<b>2,281,000</b>	<b>1,007</b>	-	<b>2,285,248</b>
Reclassification upon initial application of HKFRS 16	-	-	(1,007)	1,007	-
At 1 April 2019	<b>3,241</b>	<b>2,281,000</b>	-	<b>1,007</b>	<b>2,285,248</b>
Changes from financing cash flows:					
Lease liabilities principal repayment	-	-	-	(342)	(342)
Interest paid	(67,198)	-	-	(30)	(67,228)
Other finance costs paid	(1,600)	-	-	-	(1,600)
Other non-cash changes:					
Finance costs	67,914	-	-	30	67,944
<b>At 31 March 2020</b>	<b>2,357</b>	<b>2,281,000</b>	-	<b>665</b>	<b>2,284,022</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 25. GUARANTEES & COMMITMENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Guarantees		
– given to a bank by the Company in respect of banking facilities utilized by subsidiaries of the Company	<b>1,879,800</b>	1,879,800
Commitments (contracted but not provided for)		
– for total future minimum lease payments in respect of land and buildings		
– not later than one year	<b>2,670</b>	2,670
– later than one year and not later than five years	–	1,320
– for purchase of equity instruments designated at FVTOCI		
– not later than one year	<b>1,868</b>	2,259
	<b>1,884,338</b>	1,886,049

### 26. 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Not later than one year	<b>206,630</b>	202,261
Later than one year but not later than five years	<b>195,359</b>	208,482
	<b>401,989</b>	410,743

### 27. PLEDGE OF ASSETS

At the year end date, investment properties with a carrying value of HK\$7,510,000,000 (2019: HK\$7,450,000,000) were pledged to secure bank loan facilities to the extent of HK\$2,281,000,000 (2019: HK\$2,281,000,000) of which all facilities have been fully utilized.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 28. RELATED PARTY TRANSACTIONS

#### (a) Transactions with related parties

- (i) In May 2019, 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 2019 to 30 June 2022 at a monthly rental of HK\$811,776 (monthly rental for 1 April 2019 to 30 June 2019: HK\$752,584), excluding rates, government rent and management fee. Based on the terms of the lease agreement, a rental deposit of HK\$2,760,000 (2019: HK\$2,552,000) and rental income of HK\$9,564,000 (2019: HK\$8,278,000) for the year ended 31 March 2020 were received from GCAL.
- (ii) In May 2019, Gaw Capital Asset Management (HK) Limited (“GCAM”) 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 3 years from 1 July 2019 to 30 June 2022 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 (2019: HK\$528,000) and rental income of HK\$1,669,000 (2019: HK\$1,593,000) for the year ended 31 March 2020 were received from GCAM. Rental income of HK\$455,000 (2019: HK\$1,593,000) relates to the lease agreement signed in February 2018, which was exempted from announcement, reporting and shareholders’ approval.

The transactions (i) and (ii) above constitute continuing connected transactions under Rule 14A.56 of the Listing Rules and the details of the transactions are discussed in the Directors’ Report section pages 15 to 16.

- (iii) In May 2019, our Group company has entered into a subscription agreement to invest in Gateway VI Co-Investment (Panorama), L.P. (“Panorama”), for a capital commitment of HK\$55 million. Panorama is one of the investors of a consortium established by Gaw Capital Partners to purchase 65% of Henglilong Investments Limited, which owns 100% beneficial interest in the Cityplaza Three (half block) and Cityplaza Four in Tai Koo Shing, Hong Kong. The Group’s investment constituted a 0.9% effective stake in the properties. During the year ended 31 March 2020, the Group has invested HK\$51.9 million in this project.

The transaction (iii) 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 15 to 16.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 28. RELATED PARTY TRANSACTIONS *(Continued)*

#### (a) Transactions with related parties *(Continued)*

- (iv) During the financial year 2020, management fee amounting to approximately HK\$576,000 (2019: HK\$729,000) was paid to GCAL for sharing of staff and administrative expenses.

The transaction (iv) above was 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:

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Fees	<b>575</b>	575
Salaries, allowances and benefits	<b>11,019</b>	10,707
Discretionary bonus	<b>7,134</b>	7,120
Pension scheme contributions	<b>88</b>	70
	<b>18,816</b>	18,472

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 29. FINANCIAL RISKS MANAGEMENT

#### (a) Categories of financial instruments

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	<b>406,317</b>	302,020
Debt instruments at FVTOCI	<b>1,647</b>	73,041
Equity instruments designated at FVTOCI	<b>232,286</b>	273,267
Equity instruments at FVTPL	<b>174,497</b>	81,301
	<b>814,747</b>	729,629
<b>Financial liabilities</b>		
Amortized cost		
Secured bank loans	<b>2,281,000</b>	2,281,000
Trade payables	<b>9,379</b>	6,015
	<b>2,290,379</b>	2,287,015

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 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 sensitivity analyses below have been determined based on the exposure to interest rates. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2019: 100 basis points) increase or decrease in variable-rate bank borrowings and a 100 basis point (2019: 100 basis points) increase or decrease in variable-rate bank balances are used represents management's assessment of the reasonably possible change in interest rates.

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 <i>HK\$'000</i>	Change in equity <i>HK\$'000</i>
<b>2020</b>			
Bank borrowings	100	22,810	19,046
Short-term bank deposits	100	3,632	3,632
<b>2019</b>			
Bank borrowings	100	22,810	19,046
Short-term bank deposits	100	2,534	2,534

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 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 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 HK\$'000	Change in equity HK\$'000
<b>At 31 March 2020</b>			
Equity and debt instruments at FVTOCI			
Thai baht	5%	31	31
Malaysian ringgit	5%	–	4,690
Euro	5%	–	4
Canadian dollars	5%	–	82
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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 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 2020, 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 2020**

	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	Carrying value HK\$'000
Secured bank loans	2.73	908,300	1,451,510	-	2,359,810	2,281,000
Lease liabilities	2.74	608	65	-	673	665
Trade payables	-	9,379	-	-	9,379	9,379
		918,287	1,451,575	-	2,369,862	2,291,044

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 29. FINANCIAL RISKS MANAGEMENT (continued)

#### (e) Liquidity risk (continued)

At 31 March 2019

	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	Carrying value HK\$'000
Secured bank loans	2.52	456,721	895,560	1,041,138	2,393,419	2,281,000
Obligations under finance lease	2.74	373	608	65	1,046	1,007
Trade payables	–	6,015	–	–	6,015	6,015
		463,109	896,168	1,041,203	2,400,480	2,288,022

#### (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 2020. 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
<b>At 31 March 2020</b>			
Listed investments:			
Equity instruments designated at FVTOCI	110,015	–	5,501
Unlisted investment:			
Equity instruments designated at FVTOCI	122,271	–	6,114
Equity instruments at FVTPL	174,497	8,725	8,725
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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 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 2020 and 2019.

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest bearing bank borrowings	<b>2,281,000</b>	2,281,000
Less: Cash and bank balances	<b>(390,267)</b>	(287,453)
Net debt	<b>1,890,733</b>	1,993,547
Total assets	<b>10,557,389</b>	10,604,143
Gearing ratio	<b>17.9%</b>	18.8%

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

#### (a) Statement of Financial Position of the Company

	At 31 March 2020 HK\$'000	At 31 March 2019 HK\$'000
<b>ASSETS</b>		
Non-current assets		
Subsidiary companies	1,578,481	1,534,091
Associates	41,116	41,117
Equity instruments designated at FVTOCI	136	232
	<b>1,619,733</b>	1,575,440
Current assets		
Debtors, advances & prepayments	266	205
Cash & bank balances	34,614	56,992
Tax assets	292	292
	<b>35,172</b>	57,489
<b>Total assets</b>	<b>1,654,905</b>	1,632,929
<b>EQUITY</b>		
Share capital	115,404	115,404
Reserves	1,535,657	1,513,087
<b>Total equity</b>	<b>1,651,061</b>	1,628,491
<b>LIABILITIES</b>		
Current liabilities		
Creditors & accruals	3,844	4,438
<b>Total liabilities</b>	<b>3,844</b>	4,438
<b>Total equity and liabilities</b>	<b>1,654,905</b>	1,632,929

The Company's statement of financial position was approved and authorized for issue by the Board of Directors on 23 June 2020 and are signed on its behalf by:

**Kenneth Gaw**  
Director

**Alan Kam Hung Lee**  
Director

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

#### (b) Reserves Movement of the Company

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 1 April 2019	<b>547,748</b>	<b>381,051</b>	<b>584,697</b>	<b>(409)</b>	<b>1,513,087</b>
Profit for the year	-	-	<b>75,752</b>	-	<b>75,752</b>
2019 final dividend paid	-	-	<b>(35,775)</b>	-	<b>(35,775)</b>
2020 interim dividend paid	-	-	<b>(17,311)</b>	-	<b>(17,311)</b>
Fair value change of investments in equity instruments designated at FVTOCI	-	-	-	<b>(96)</b>	<b>(96)</b>
<b>At 31 March 2020</b>	<b>547,748</b>	<b>381,051</b>	<b>607,363</b>	<b>(505)</b>	<b>1,535,657</b>

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\$988,414,000 (2019: HK\$965,748,000), being the contributed surplus and retained earnings at that date.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 31. SUBSIDIARY COMPANIES

	2020 HK\$'000	2019 HK\$'000
Unlisted shares, at cost	421,933	421,933
Amounts due by subsidiaries	1,157,748	1,112,958
Provision for impairment	(1,200)	(800)
	<b>1,578,481</b>	1,534,091

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 2020 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.

	2020 HK\$'000	2019 HK\$'000
Percentage of NCI	40%	40%
Assets and liabilities of Causeway Bay 68 Limited:		
Current assets	70,421	61,632
Non-current assets	3,630,000	3,600,000
Current liabilities	(20,634)	(18,409)
Non-current liabilities	(1,073,971)	(1,069,113)
Net assets	<b>2,605,816</b>	2,574,110
Carrying value of NCI in the consolidated financial statements	<b>1,042,326</b>	1,029,644
Revenue	138,158	133,788
Profit for the year	91,707	280,908
Total comprehensive income	<b>91,707</b>	280,908
Profit allocated to NCI	<b>36,683</b>	112,363
Dividends paid to NCI	(24,000)	(28,000)
Cash generated from operating activities	98,420	104,436
Cash generated from/(used in) investing activities	4,697	(8,999)
Cash used in financing activities	(90,435)	(102,779)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 32. PARTICULARS OF MAJOR SUBSIDIARIES

Particulars of the major subsidiaries of the Group as at 31 March 2020 and 2019 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 2020	Percentage of equity held 2019
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	Republic of 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	Republic of Liberia	Hong Kong	Nil	100	100
Golden Mile Limited	Real Estate	Republic of 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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 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 2020	Percentage of equity held 2019
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
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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 33. PARTICULARS OF MAJOR ASSOCIATES

Particulars of the major associates of the Group as at 31 March 2020 and 2019 are as follows:

Name of company	Place of incorporation	Investment by associates	Group's effective interest in		Issued and paid up share capital
			investment	associates	
Keency Properties Limited	British Virgin Islands	Investment	49.5% (2019: 49.5%)	49.5% (2019: 49.5%)	US\$9,939,020
Pioneer Hospitality Siam (GBR) Limited	Thailand	Pullman Pattaya Hotel G, Thailand	49.5% (2019: 49.5%)	49.5% (2019: 49.5%)	Baht 300,000,000
Royal Culture Limited	Hong Kong	Pullman Bangkok Hotel G, Thailand	49.5% (2019: 49.5%)	49.5% (2019: 49.5%)	HK\$1
Strand Hotels International Limited	British Virgin Islands	Three hotels in Myanmar (Note 1)	21.6% (2019: 21.6%)	43.2% (2019: 43.2%)	US\$11,101,191
Supreme Key Limited	British Virgin Islands	InterContinental Hong Kong	30.0% (2019: 30.0%)	30.0% (2019: 30.0%)	US\$10
Britt Hands Limited	British Virgin Islands	Investment properties in Japan (Note 2)	5.1% (2019: 5.1%)	19.3% (2019: 19.3%)	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 2020:

<b>Location/Lot No.</b>	<b>Type of property</b>	<b>Lease term</b>	<b>Group's effective interest</b>	<b>Gross Area</b>
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 <sup>2</sup>
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 <sup>2</sup>
3. Club Lusitano No. 16 Ice Street, Central, Hong Kong Remaining portion of Inland Lot No. 339	Commercial	Long-term	100%	80,100 ft <sup>2</sup>
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 <sup>2</sup>
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 <sup>2</sup>
6. Apartments A and B on 19th Floor, Wah Tai Mansion, No. 388 Zhao Jia Bang Road, Shanghai, China	Residential	Medium-term	100%	5,248 ft <sup>2</sup>

## Five Years Financial Summary

	<b>2020</b>	2019	2018	2017	2016
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>RESULTS</b>					
Revenue	<b>295,756</b>	290,933	264,576	295,049	258,712
Profit attributable to shareholders	<b>38,454</b>	539,701	623,498	805,189	365,553
Dividend paid during the year	<b>53,086</b>	53,086	51,932	48,470	48,470
Earnings per share (HK cents)	<b>3.33</b>	46.77	54.03	69.77	31.68
<b>FINANCIAL POSITION</b>					
Total assets	<b>10,557,389</b>	10,604,143	10,030,181	9,225,292	8,164,362
Total liabilities	<b>(2,454,294)</b>	(2,441,994)	(2,425,896)	(2,413,659)	(2,204,599)
	<b>8,103,095</b>	8,162,149	7,604,285	6,811,633	5,959,763
Capital and reserves					
Share capital	<b>115,404</b>	115,404	115,404	115,404	115,404
Reserves	<b>6,912,398</b>	6,980,013	6,506,497	5,795,804	5,013,572
Shareholders' funds	<b>7,027,802</b>	7,095,417	6,621,901	5,911,208	5,128,976
Non-controlling interests	<b>1,075,293</b>	1,066,732	982,384	900,425	830,787
	<b>8,103,095</b>	8,162,149	7,604,285	6,811,633	5,959,763
	<b>HK cents</b>	HK cents	HK cents	HK cents	HK cents
Net asset value per share (Note 1)	<b>609.0</b>	614.8	573.8	512.2	444.4
Total debt to total assets (Note 2)	<b>21.6%</b>	21.5%	22.7%	24.7%	25.3%

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.

