



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

## SOLICITORS

Baker & McKenzie  
Fangda Partners  
Mayer Brown JSM

## AUDITORS

Cheng & Cheng Limited

## REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
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  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08, Bermuda

## SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited  
46th 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

During the past year, global stock markets shrugged off the double surprise of Brexit in the UK and the election of President Trump in the US to reach new heights. While the US Fed started to raise interest rate in December 2016, markets continued to be buoyant on the back of tax reform promises by the Trump Administration and the flood of liquidity from other global central banks.

In China, the real estate sector boomed as a result of the relaxation of home purchase restrictions and monetary stimulus policies implemented in 2016. However, the huge boom in the sector brought back fears of a real estate bubble and the government began to re-introduce many of the market cooling measures taken off the year before in order to bring prices under control. By Q2 2017, these restrictions have already shown their effects as prices in tier-one cities stabilized and transaction volume dropped significantly. Until China develops more diverse investment products, its real estate sector will continue to go through these sharp boom/bust cycles driven by government policies. On the other hand, the economy has continued its healthy transition from the traditional export led growth model to one led by domestic consumption and services. In particular, the technology sector driven by a group of world class companies and entrepreneurs emerged as the star performer. This development is very encouraging as it points the way to a very bright future for China as the country moves to higher value-add activities that will propel the economy forward.

In Hong Kong, the residential real estate market reached new record highs despite the implementation of additional rounds of stamp duty increases and mortgage restrictions designed by the government to dampen prices. Commercial office rents and capital values also hit record high prices on the back of low interest rate, high liquidity, and demand from Mainland Chinese corporations. Retail sales and visitor arrivals also increased in Q1 2017. It is indeed difficult to predict the sustainability of this bull market in Hong Kong given the rising trend in US interest rate (and thus the pegged Hong Kong interest rate) and the indication from the US Fed paring back its balance sheet. Against this backdrop, the Group decided to dispose some of our assets in Hong Kong and southern China during the year.

Thailand's tourism market generally performed well as the number of foreign tourists visiting Thailand reached a record high in 2016. However, the industry did face some headwinds in the second half. First, the Thai government began to crack down on "zero dollar" cheap Chinese tours, leading to substantial number of cancellations by Chinese tour groups. Second, the death of the revered HM King Bhumibol in October 2016 plunged the country into deep mourning, significantly affecting domestic tourism, food & beverage, and event businesses. It is not until recent months that event business started to pick up again.

For the financial year ended 31 March 2017, the Group achieved total turnover (including share of associates) of HK\$501.9 million, increasing by 20.5% from HK\$416.6 million in 2016. The rise in turnover is due to the healthy increase in rental income from our investment properties and higher contribution from our hotels in Hong Kong and Thailand, as well as a higher dividend payment from our investment in Hillcrest Gardens in Malaysia. Operating profits during the year amounted to HK\$227.5 million, representing an increase of 19.1% from a year ago (2016: HK\$191.0 million).

## Managing Director's Report

In addition to the increase in income from investment properties and hotels, the Group also made several significant disposals during the year, including the sale of our shares in Asia Financial Holdings Ltd. for HK\$156.0 million (gain of HK\$79.8 million) and the sale of our Pemberton Building in Sheung Wan for HK\$1.0 billion. The sale of the Pemberton Building brought a gain of HK\$210.9 million for the financial year. And including fair value gains already booked in previous financial years, the Group made a total profit of HK\$477.0 million from its investment in the Pemberton Building since the acquisition in 2011. During the financial year, the Group's investment properties also contributed fair value gains of HK\$432.5 million (2016: HK\$208.0 million). As a result of all these positive factors, net profits attributable to shareholders more than doubled to HK\$805.2 million (2016: HK\$365.6 million).

### Property Investments (Hong Kong and China)

As at 31 March 2017, the Group's investment property Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong had an occupancy rate of 74%. Despite the initial success of leasing out the first 65% of the building upon the completion of the building's revitalization works, increased competition in East Kowloon area made it more challenging than expected for the leasing of the remaining vacancy (now mainly consisting of two podium floors 1-2/F). In October 2016, a lease was signed for 10/F of the building, bringing occupancy rate up to 74%. For the year ended 31 March 2017, Pioneer Place contributed rental and related revenues of HK\$51.3 million and a fair value increase of HK\$93.3 million.

The Group owns 60% in the 68 Yee Wo Street Building (229,200 sq. ft.) in Causeway Bay, Hong Kong. This investment property has continued to perform well, with an occupancy rate of 92% at the close of the financial period. For the year ended 31 March 2017, the property contributed rental and related revenues of HK\$128.6 million and a fair value increase of HK\$172.2 million to the Group.

The Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong has also continued to perform well, enjoying an occupancy rate of 88% and strong rental rates. For the financial year, the property contributed HK\$52.0 million in rental and related revenues and HK\$127.6 million in fair value increase to the Group.

As reported earlier, the Pemberton Building (70,616 sq. ft.) in Sheung Wan, Hong Kong was sold in March 2017 for HK\$1.0 billion, bringing in a financial gain of HK\$210.9 million for the period and total gain of HK\$477.0 million during the holding period. Before the sale, the Pemberton Building had an occupancy rate of 100% and contributed HK\$30.9 million in rental and related revenues during the year.

In February 2017, the Group acquired the holding company that owns the 56,740 sq. ft. commercial podium of Kiu Fat Building (115-119 Queen's Road West) in Sai Ying Pun, Hong Kong at the property value of HK\$648.0 million. With the extension of the MTR line to the western districts of Hong Kong Island, old neighborhoods in these areas have continued to improve; hence the Group is very optimistic about the long term prospects of Sai Ying Pun. The Group intends to hold the property as a long term investment and will carry out refurbishments to improve the tenant mix.

During the financial year ended 31 March 2017, the Shanghai K. Wah Centre (a GFA 750,000 sq. ft. commercial tower in Shanghai held 15.4% through the Group's 50% owned associated company) contributed an associate profit of HK\$2.6 million to the Group.

The Group, together with an investment consortium managed by Gaw Capital Partners, owns a 98.68% stake in Ciro's Plaza, an 84,968 sq.m. commercial building located at 388 Nanjing West Road in Shanghai, China. The Group's effective equity stake in the consortium is 4%. As at 31 March 2017, Ciro's Plaza had an occupancy rate of 92%. The consortium plans to renovate the podium facade and certain key common areas and hold the property as a long term investment.

In June 2016, the Group sold its 50% stake in Jie Fang Building in Guangzhou's Yuexiu District for a net consideration of HK\$68.8 million. This sale realized an investment return multiple of about 4 times.

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

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

The Group owns a 10% interest in the 503 rooms InterContinental Hong Kong, one of the leading 5 star hotels in the territory and world renowned for its commanding harbor view and Michelin star restaurants. For the year ended 31 March 2017, this hotel generated revenues of HK\$1,074.5 million and operating profits of HK\$404.9 million. And despite a downturn in tourism in Hong Kong, InterContinental Hong Kong continued to maintain an average occupancy of 85% during this period.

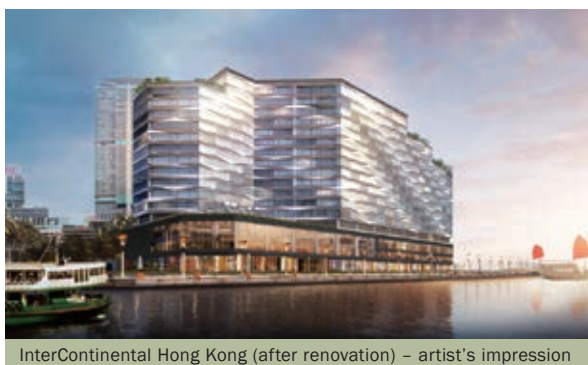
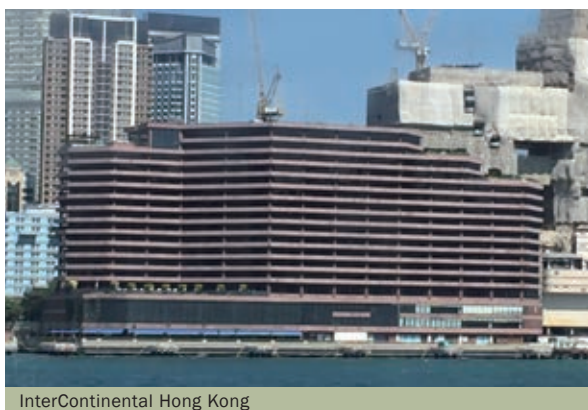
In the 12 months ended 31 March 2017, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associated company) had revenues of Baht 538.2 million (HK\$119.5 million equivalent) (2016: Baht 519.1 million, HK\$112.5 million equivalent) and operating profits of Baht 201.6 million (HK\$44.8 million equivalent) (2016: Baht 191.4 million, HK\$41.5 million equivalent). 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 366.6 million (HK\$81.4 million equivalent) (2016: Baht 333.2 million, HK\$72.2 million equivalent) and operating profits of Baht 141.6 million (HK\$31.4 million equivalent) (2016: Baht 118.5 million, HK\$25.7 million equivalent). During the year, the Pullman Bangkok Hotel G had occupancy rate of 81% while the Pullman Pattaya Hotel G had occupancy rate of 79%.

The Group's unlisted associated company (43.24% owned by the Group), Strand Hotels International Limited, is in a 50/50 joint venture with the government of Myanmar to own and operate three hotels in Yangon – the Strand Hotel, the Inya Lake Hotel, and the Thamada Hotel. The renovation of the Strand Hotel was completed and the hotel has been reopened since early November 2016. The Thamada Hotel renovation is progressing as planned and the hotel is planned to reopen in Q3 2017 as Hotel G Yangon. During the financial year, the three hotels had revenues of US\$9.1 million (2016: US\$11.3 million) and operating profits of US\$3.2 million (2016: US\$5.5 million). The "Strand Cruise", owned by a subsidiary of Strand Hotels International Limited, is a luxury river cruise ship with 27 cabins operating in the Ayeyarwady River in Myanmar. The cruise ship was launched in December 2015 and has been marketed with packages in conjunction with the Strand Hotel in Yangon under the same brand name. 2016/2017 financial year is the first full year of operation for the Strand Cruise and incurred a loss of US\$1.3 million. Despite a smooth election in 2016 and peaceful handover of power from the military backed government to the civilian government led by Aung San Su Kyi's NLD Party, the tourist and business travel arrival numbers in Myanmar have been below expectations. This has been a surprise as most industry players have expected a significant increase in number of visitors after the elections. At the same time, the opening of new hotels and other river cruise operations in anticipation of increased arrivals have made it a challenging operating environment.

### PROSPECTS

In June 2017, the Group acquired an additional 20% in InterContinental Hong Kong from our joint venture partners, bringing our total shareholding in the asset to 30%. This additional acquisition valued the hotel at HK\$7.7 billion. The Group believes the hotel is a unique and attractive asset and plans to hold it on a long term basis. The joint venture that holds the hotel will continue to be managed by Gaw Capital Partners and is currently working on plans to upgrade the hotel's guest rooms and facilities, with renovation works expected to commence in 2019.

As the Group successfully disposed several assets during the year, we enjoy a strong balance sheet, with the capability to make additional investments (even after the acquisition of the Sai Ying Pun asset and the additional 20% in InterContinental Hong Kong). As such, we will continue to look out for new investment opportunities including redevelopment.



### FINANCIAL REVIEW

#### Liquidity and Financial Resources

The Group continued to enjoy a strong and healthy financial position. At 31 March 2017, the Group's total debts to total assets ratio was 24.7% (31 March 2016: 25.3%) and net debt to total assets ratio was 19.6% (31 March 2016: 24.0%).

#### Pledge of Assets

At the year-end date, investment properties with a carrying value of approximately HK\$6,620 million (2016: HK\$6,300 million and available for sale investments with a carrying value of approximately HK\$13 million) were pledged to secure bank loan facilities to the extent of HK\$2,277 million (2016: HK\$2,122 million), among which HK\$2,277 million (2016: HK\$2,066 million) has been utilized.

#### Contingent Liabilities

As at 31 March 2017, the Group had guarantees HK\$1,878.2 million (31 March 2016: HK\$1,057.0 million) given to bank in respect of banking facilities utilized by subsidiaries.

In March 2017, the Group has entered into a sale and purchase agreement to acquire an additional 20% equity interest of an associate of the Group. Details of the transaction are discussed on the event after the reporting date in note 30. The Group has a capital commitment of US\$59.2 million (equivalent to approximately HK\$459.4 million) on completion payment. The completion payment was settled on 2 June 2017.



The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2017.

## 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 34 and 35 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 2017 are set out in the consolidated statement of profit or loss on page 34.

An interim dividend of HK1.4 cents per share, totaling HK\$16,157,000 which was paid on 20 January 2017.

The Directors recommend the payment of a final dividend of HK3.0 cents (2016: HK2.8 cents) per share for the year ended 31 March 2017, payable on 10 October 2017 to all persons registered as shareholders on 21 September 2017. The transfer of books and register of members of the Company will be closed from 19 September 2017 to 21 September 2017, both days inclusive, during which period no transfer of shares will be effected. Payment of the final dividend is conditional upon the passing of an ordinary resolution at the forthcoming annual general meeting.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 18 September 2017.

## 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 2017, including contributed surplus and retained earnings amounted to HK\$919,823,000 (2016: HK\$820,620,000).

Details of movements in reserves are set out in note 32 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 92.

### FIXED ASSETS

Details of movements in fixed assets are set out in note 15 to the financial statements.

### MAJOR SUBSIDIARIES

Details of the major subsidiaries as at 31 March 2017 are set out in note 34 to the financial statements.

### LOANS AND BORROWINGS

Details of loans and borrowings are set out in note 21 to the financial statements.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2017, the Group's five largest customers accounted for less than 30% of the Group's total turnover and the Group's five largest suppliers accounted for less than 30% of the Group's expenditure on goods and services.

### 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, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

### DISCLOSURE OF DIRECTORS' INTERESTS

As at 31 March 2017, 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.

## Directors' Report

### 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	25,174,731 <sup>1</sup>	215,768,260 <sup>2</sup>	241,042,991	20.89
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	–	4,440,754 <sup>6</sup>	–	4,440,754	0.38

<sup>1</sup> Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 25,174,731 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, which was beneficially interested in 4,440,754 shares. Mr. Stephen Tan is the Chairman of Bangkok Mercantile (Hong Kong) Company Limited and its directors are accustomed to act in accordance with the direction of Mr. Stephen Tan.

### Long Position in Shares of Associated Corporations

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

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

Save as disclosed above, as at 31 March 2017, 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 2017, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Number of ordinary shares	%
Asset-Plus Investments Ltd.	115,403,866	10.00
Forward Investments Inc.	283,200,215	24.54
Intercontinental Enterprises Corporation	215,768,260 <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 2017, 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 92 and in note 31 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.

### 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.

### EMPLOYEES RELATIONSHIP

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. Also 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.

## **EMOLUMENT POLICY**

As at 31 March 2017, the number of salaried staff at the holding company level was 18 (2016: 18). 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.

## **DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

As at 31 March 2017, 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 Transaction" and in note 29 to the financial statements, no Director or controlling shareholder 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 19 to 29.

### 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.

### CONNECTED TRANSACTION

#### Continuing Connected Transaction

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

Two 3-years options are granted to GCAL to renew the lease agreement for a maximum of 6 years. The monthly rental for first 3-years option to renew shall be at the prevailing open market rent but capped at 120% or not lower than the existing rent. The monthly rental for second 3-years option to renew shall be at the prevailing open market rent but capped at 120% or not lower than the rent for the first 3-years option to renew.

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



The Independent Non-executive Directors have reviewed the above continuing connected transaction and confirmed that the transaction has 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 Auditors were engaged to report on the Group's continuing connected transaction 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 Auditors have issued their unqualified independent assurance report on 26 June 2017 containing their findings and conclusions in respect of the continuing connected transaction disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

### RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 29 to the financial statements. None of these related party transactions constitutes a connected transaction, except for those described under "Connected Transaction", in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

### AUDITORS

Cheng & Cheng Limited was first appointed auditors of the Company in November 2016 to fill the casual vacancy left by the resignation of Wong Brothers & Co. The financial statements for the year ended 31 March 2017 have been audited by Cheng & Cheng Limited who will retire and being eligible offer themselves for re-appointment. A resolution for the re-appointment of Cheng & Cheng Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

**Rossana Wang Gaw**

*Chairman*

Hong Kong, 26 June 2017

# Biographical Details of Directors

## EXECUTIVE DIRECTORS

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

Aged 71, 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 48, 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 46, was appointed to the Board in 1994 and became Managing Director of the Group in February 1999. He holds directorships at Dusit Thani Public Company Limited and Hong Kong-Thailand Business Council. He was previously a director of Home Inns Hotels and Management Inc until 2016, a director of Siam Food Products Public Company Limited until 2006 and a director and Deputy Chairman of Wah Kwong Shipping Holdings Limited until 2000. Mr. Gaw co-founded Gaw Capital Partners, a global real estate private equity firm, in July 2005 and serves as its President and Managing Principal. He graduated with a Bachelor of Science Degree in Applied Mathematics and Economics from Brown University (Magna Cum Laude). Before joining the Group, Mr. Gaw worked in the structured finance group at Goldman, Sachs & Co. in New York and in corporate finance with Goldman Sachs (Asia) LLC in Hong Kong. He is the son of Mrs. Rossana Wang Gaw, and the brother of Mr. Goodwin Gaw and Ms. Christina Gaw.

### **Ms. Christina GAW**

Aged 44, was appointed to the Board in 2014. She is a Partner and Managing Principal of Gaw Capital Partners, a global real estate private equity firm. Before joining the Group, Ms. Gaw worked at Goldman Sachs (Asia) LLC for almost 9 years and UBS for 6 years as Managing Director with responsibilities as Head of Asian Regional Sales and latest capacity as Head of APAC Capital Introduction team within Prime Brokerage. Outside of her professional career capacity, Ms. Gaw is a Corporate Member of The Cheltenham Ladies' College Council and serves as Executive Committee Member of the St. Paul's Coeducation College Alumni Association in Hong Kong. She is also actively engaged in community work in Hong Kong and is a Board Member of The Women's Foundation as well as an Executive Board Member and Treasurer of The Hong Kong Ballet. 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 61, 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 80, 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 22 years of experience of banking business in senior management positions. Dr. Cheung is director and Vice Chairman of the Executive Committee of Metropolitan Bank (China) Ltd. PRC. He was formerly a director and director of Audit Committee of China Resources Bank of Zhuhai Co. Ltd. and also an independent non-executive director and Chairman of Audit Committee of Shanghai Electric Group Company Limited. He 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 China Financial International Investments Limited (formerly named Sunshine Capital Investments Group Limited), an independent non-executive director and Chairman of Audit Committee of Modern Dental Group Limited and independent non-executive director and Chairman of Remuneration Committee of Jiayuan International Group Limited and non-executive director of Galaxy Entertainment Group 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 54, 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 chairman of Japan Residential Assets Manager Limited, manager of a real estate investment trust listed in Singapore. 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 63, 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 on 1 April 2014, both of which are listed on the main board of the Stock Exchange. He also sits on the boards of Bank Consortium Trust Company Limited, Hong Kong Life Insurance Limited and AFH Charitable Foundation Limited. Mr. Tan serves as the Vice President of Hong Kong Chiu Chow Chamber of Commerce Limited, the Managing Director of Federation of Hong Kong Chiu Chow Community Organizations and the Chairman of Bangkok Mercantile (Hong Kong) Company Limited. He is a Standing Committee Member of the Chinese General Chamber of Commerce, the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited. Mr. Tan is a voting member of Tung Wah Group of Hospitals Advisory Board, a member of the Board of Governors of Hong Kong Sinfonietta Limited, 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 duly 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 throughout the year ended 31 March 2017.

## 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 16 to 18. 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.

### **Directors and Officers Liability Insurance**

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

### **Board Meetings and Procedures**

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

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

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

## Corporate Governance Report

During the financial year, eight Board meetings and 2016 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>2016 Annual General Meeting</b>
<b>Executive Directors</b>		
Rossana Wang Gaw ( <i>Chairman</i> )	8/8	1/1
Goodwin Gaw ( <i>Vice Chairman</i> )	7/8	1/1
Kenneth Gaw ( <i>Managing Director</i> )	8/8	1/1
Christina Gaw	6/8	1/1
Alan Kam Hung Lee	8/8	1/1
<b>Independent Non-executive Directors</b>		
Dr. Charles Wai Bun Cheung, JP	8/8	1/1
Arnold Tin Chee Ip	6/8	1/1
Stephan Tan	6/8	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	✓	✓
Goodwin Gaw	✓	✓
Kenneth Gaw	✓	✓
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 an 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 audit department 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 has, through the Audit Committee and the external auditors, 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 2017. The result of assessment is 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 2017 and the bonus for year 2016. Details of the Directors' remuneration for year 2017 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 auditors; to discuss any issues arising from the audits and any matters raised by the external auditors; 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 auditors 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	1/2

Throughout the year, the Audit Committee reviewed the interim and annual financial statements and reports of the Group with the external auditors and senior management before recommending them to the Board for consideration and approval. The Committee assisted in selecting and recommended new auditors to the Board to fill the causal vacancy left by the resignation of the previous auditors. The Committee also reviewed the continuing connected transaction 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 auditors to ensure the effectiveness and efficiency of the Group's operation. The external auditors and the Audit Committee were satisfied that the overall financial and operational controls for the Group continued to be effective. The work and finding of the Audit Committee were reported to the Board.

### **Nomination Committee**

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

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

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

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

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

<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 2017 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 2017 are prepared on the going concerns basis and have been audited by the external auditors, Cheng & Cheng Limited, and reviewed by the Audit Committee. The Auditors' reporting responsibilities are included in the Independent Auditors' Report on pages 30 to 33.

During the financial year ended 31 March 2017, the external auditors of the Company provided audit services and non-audit related services to the Company and the subsidiaries and the fees charged by the auditors for their services amounted to HK\$542,000 and HK\$250,000 respectively.

### 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. Except for the incident (May 2016) disclosed in 2015/2016 annual report, 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 2017. 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 Canon's Court, 22 Victoria Street, Hamilton HM 12, 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 Canon's Court, 22 Victoria Street, Hamilton HM 12, 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 2017, no change have been made to the constitutional documents of the Company.

## **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, senior management, Independent Non-executive Directors and external auditors 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

10/F., Allied Kajima Building,  
138 Gloucester Road, Wanchai, Hong Kong

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 set out on pages 34 to 90, which comprise the consolidated statement of financial position as at 31 March 2017, 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 2017, and of its consolidated financial performance and its consolidated cash flows for the year ended 31 March 2017 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
<b>Valuation of investment properties</b>	
Refer to note 12 in the consolidated financial statements	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 2017.
As at 31 March 2017, the Group's investment properties is carried at approximately HK\$6,675,600,000 as disclosed in note 12 to the consolidated financial statements, unrealised gain on fair value changes of investment properties of approximately HK\$432,462,000 was recognised in the consolidated financial statements.	We compared the market transactions and market rental with similar properties and locations.
All the Group's investment properties are measured at fair value based on valuations performed by independent qualified professional valuers. Details of the valuation techniques and key inputs used in the valuations are disclosed in note 12 in 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 property as one of the key audit matters.	We evaluated the valuer's competence, capabilities and objectivity.

## Other matter

The consolidated financial statements of the Group for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 28 June 2016.

## 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.

## Independent Auditor's Report

### Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

*(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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*

**Yeung Chun Yue, David**

Practising Certificate Number: P05595

Hong Kong

# Consolidated Statement of Profit or Loss

For the year ended 31 March 2017

	Notes	For the year ended 31 March	
		2017 HK\$'000	2016 HK\$'000
Turnover			
Company and subsidiaries		<b>295,049</b>	258,712
Share of associates		<b>206,876</b>	157,892
		<b>501,925</b>	416,604
Turnover of Company and subsidiaries	4	<b>295,049</b>	258,712
Properties operating expenses		<b>(44,403)</b>	(45,294)
Staff costs		<b>(18,117)</b>	(17,209)
Depreciation		<b>(341)</b>	(365)
Other expenses		<b>(4,721)</b>	(4,881)
		<b>(67,582)</b>	(67,749)
Operating profit		<b>227,467</b>	190,963
Share of results of associates		<b>31,220</b>	93,672
Change in fair value of investment properties		<b>432,462</b>	208,035
Other gains and losses	5	<b>285,742</b>	(9,265)
Finance costs	6	<b>(44,971)</b>	(44,013)
Profit before taxation	7	<b>931,920</b>	439,392
Taxation			
Current	8	<b>(28,789)</b>	(12,178)
Deferred	8	<b>4,110</b>	(6,259)
Profit for the year		<b>907,241</b>	420,955
Profit attributable to:			
Shareholders of the Company		<b>805,189</b>	365,553
Non-controlling interests		<b>102,052</b>	55,402
		<b>907,241</b>	420,955
		<b>HK cents</b>	HK cents
Earnings per share	10	<b>69.77</b>	31.68

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	<b>For the year ended 31 March</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Profit for the year	<b>907,241</b>	420,955
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss:		
Transfer from investment revaluation reserve	–	(174,497)
to property revaluation reserve (associates)	–	174,497
	–	–
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments		
– subsidiaries	<b>42,912</b>	3,008
– associates	<b>(43,098)</b>	19,685
Exchange difference on translation of associates	<b>23,000</b>	(36,284)
Release of exchange reserve upon disposal of associates	<b>(4,262)</b>	–
Other comprehensive income/(expense) for the year, net of tax	<b>18,552</b>	(13,591)
Total comprehensive income for the year	<b>925,793</b>	407,364
Total comprehensive income attributable to:		
Shareholders of the Company	<b>830,702</b>	350,663
Non-controlling interests	<b>95,091</b>	56,701
	<b>925,793</b>	407,364

# Consolidated Statement of Financial Position

At 31 March 2017

	Notes	At 31 March 2017 HK\$'000	At 31 March 2016 HK\$'000
<b>ASSETS</b>			
Non-current assets			
Investment properties	12	6,675,600	6,353,900
Associates	13	1,069,978	1,178,575
Available for sale investments	14	428,680	387,533
Property, plant & equipment	15	1,842	1,474
Deposit paid for acquisition of additional interest in an associate	30	459,444	–
Other assets		300	300
		<b>8,635,844</b>	7,921,782
Current assets			
Debtors, advances & prepayments	16	30,566	52,128
Available for sale investments	14	85,060	80,529
Financial assets at fair value	17	1,349	1,220
Cash & bank balances	18	472,473	108,482
Tax assets		–	221
		<b>589,448</b>	242,580
<b>Total assets</b>		<b>9,225,292</b>	8,164,362
<b>EQUITY</b>			
Share capital	19	115,404	115,404
Reserves		5,795,804	5,013,572
Shareholders' funds		5,911,208	5,128,976
Non-controlling interests		900,425	830,787
<b>Total equity</b>		<b>6,811,633</b>	5,959,763
<b>LIABILITIES</b>			
Non-current liabilities			
Creditors & accruals	20	51,633	49,889
Secured bank loans	21	1,413,769	2,011,729
Deferred taxation	23	47,503	54,031
		<b>1,512,905</b>	2,115,649
Current liabilities			
Creditors & accruals	20	34,530	34,299
Secured bank loans	21	863,500	54,651
Obligation under finance lease	22	1,018	–
Tax liabilities		1,706	–
		<b>900,754</b>	88,950
<b>Total liabilities</b>		<b>2,413,659</b>	2,204,599
<b>Total equity and liabilities</b>		<b>9,225,292</b>	8,164,362

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to shareholders of the Company									
	Share capital	Share premium	Capital reserve & surplus		Exchange reserve	Investment revaluation reserve	Property revaluation reserve	Retained earnings	Non-controlling interests	Total equity
			contributed	Exchange						
			HK\$'000	HK\$'000						
<b>At 1 April 2016</b>	<b>115,404</b>	<b>547,748</b>	<b>41,242</b>	<b>(29,638)</b>	<b>95,640</b>	<b>174,497</b>	<b>4,184,083</b>	<b>5,128,976</b>	<b>830,787</b>	<b>5,959,763</b>
Fair value change of available for sale investments										
– subsidiaries	-	-	-	-	49,873	-	-	49,873	-	49,873
– non-controlling interests	-	-	-	-	-	-	-	-	(6,961)	(6,961)
– associates	-	-	-	-	(43,098)	-	-	(43,098)	-	(43,098)
Exchange on translation of associates	-	-	-	23,000	-	-	-	23,000	-	23,000
Release of exchange reserve upon disposal of associates	-	-	-	(4,262)	-	-	-	(4,262)	-	(4,262)
Net income/(expense) recognized directly in equity	-	-	-	18,738	6,775	-	-	25,513	(6,961)	18,552
Profit attributable to equity holders	-	-	-	-	-	-	805,189	805,189	102,052	907,241
Total comprehensive income for the year	-	-	-	18,738	6,775	-	805,189	830,702	95,091	925,793
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(25,453)	(25,453)
2016 final dividend paid	-	-	-	-	-	-	(32,313)	(32,313)	-	(32,313)
2017 interim dividend paid	-	-	-	-	-	-	(16,157)	(16,157)	-	(16,157)
<b>At 31 March 2017</b>	<b>115,404</b>	<b>547,748</b>	<b>41,242</b>	<b>(10,900)</b>	<b>102,415</b>	<b>174,497</b>	<b>4,940,802</b>	<b>5,911,208</b>	<b>900,425</b>	<b>6,811,633</b>

## Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to shareholders of the Company									
	Share capital	Share premium	Capital		Investment revaluation reserve	Property revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
			reserve & surplus	Exchange reserve						
			HK\$'000	HK\$'000						
<b>At 1 April 2015</b>	115,404	547,748	41,242	6,646	248,743	-	3,867,000	4,826,783	801,276	5,628,059
Fair value change of available for sale investments										
- subsidiaries	-	-	-	-	1,709	-	-	1,709	-	1,709
- non-controlling interests	-	-	-	-	-	-	-	-	1,299	1,299
- associates	-	-	-	-	19,685	-	-	19,685	-	19,685
Transfer from investment revaluation reserve to property revaluation reserve (associates)	-	-	-	-	(174,497)	174,497	-	-	-	-
Exchange on translation of associates	-	-	-	(36,284)	-	-	-	(36,284)	-	(36,284)
Net (expense)/income recognized directly in equity	-	-	-	(36,284)	(153,103)	174,497	-	(14,890)	1,299	(13,591)
Profit attributable to equity holders	-	-	-	-	-	-	365,553	365,553	55,402	420,955
Total comprehensive (expense)/income for the year	-	-	-	(36,284)	(153,103)	174,497	365,553	350,663	56,701	407,364
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(27,190)	(27,190)
2015 final dividend paid	-	-	-	-	-	-	(32,313)	(32,313)	-	(32,313)
2016 interim dividend paid	-	-	-	-	-	-	(16,157)	(16,157)	-	(16,157)
<b>At 31 March 2016</b>	115,404	547,748	41,242	(29,638)	95,640	174,497	4,184,083	5,128,976	830,787	5,959,763



# Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	For the year ended 31 March	
		2017 HK\$'000	2016 HK\$'000
<b>Cash flows from operating activities</b>			
Profit before taxation		<b>931,920</b>	439,392
Share of results of associates		<b>(31,220)</b>	(93,672)
Increase in fair value of investment properties		<b>(432,462)</b>	(208,035)
Other gains and losses		<b>(287,755)</b>	9,265
Depreciation		<b>341</b>	365
Interest income		<b>(4,355)</b>	(3,463)
Interest expenses		<b>44,971</b>	44,013
Dividend income			
– listed		<b>(7,567)</b>	(6,958)
– unlisted		<b>(18,128)</b>	(4,351)
Operating cash flows before working capital changes		<b>195,745</b>	176,556
Decrease/(increase) in debtors, advances & prepayments		<b>3,423</b>	(10,219)
Increase in creditors & accruals		<b>6,393</b>	12,074
Cash generated from operations		<b>205,561</b>	178,411
Hong Kong profits tax paid		<b>(26,468)</b>	(14,111)
Net cash generated from operating activities		<b>179,093</b>	164,300
<b>Cash flows from investing activities</b>			
Acquisition of a subsidiary	24	<b>(651,991)</b>	–
Deposit paid for acquisition of additional interest in an associate		<b>(459,444)</b>	–
Available for sale investments:			
– Purchase of available for sale investments		<b>(161,472)</b>	(179,773)
– Distribution from available for sales investments		<b>17,090</b>	–
– Proceeds on disposal of available for sale investments		<b>268,755</b>	5,993
Additions to investment properties		<b>(17,347)</b>	(24,765)
Associates:			
– Advance to associates		<b>(128)</b>	(3)
– Distribution from associates		<b>18,549</b>	92,380
– New/additional investment		<b>(4,095)</b>	(417,675)
Proceeds on disposal of subsidiaries	25	<b>810,210</b>	–
Dividend received		<b>25,695</b>	11,309
Interest received		<b>4,306</b>	4,185
Property, plant & equipment:			
– Purchase of property, plant & equipment		<b>(161)</b>	(22)
– Proceeds on disposal of property, plant & equipment		<b>70</b>	–
Net cash used in investing activities		<b>(149,963)</b>	(508,371)

## Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Note	For the year ended 31 March	
		2017 HK\$'000	2016 HK\$'000
Cash flows from financing activities			
Bank loans raised		450,889	370,000
Dividend paid to shareholders		(48,470)	(48,470)
Interest paid		(44,436)	(44,389)
Distributions to non-controlling interest shareholders		(25,453)	(27,190)
Bank loans repaid		–	(39,295)
Net cash generated from financing activities		332,530	210,656
Net increase/(decrease) in cash and cash equivalents		361,660	(133,415)
Exchange difference		2,331	(3,009)
Cash and cash equivalents at the beginning of the year		108,482	244,906
Cash and cash equivalents at the end of the year		472,473	108,482
Analysis of the balances of cash and cash equivalents			
Bank balances, cash & deposits placed with banks up to three months' maturity	18	472,473	108,482

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) General information

Pioneer Global Group Limited is a limited liability company, incorporated in Bermuda with its shares listed on the Stock Exchange. The principal activity of the Company is investment holding and the principal activities of its major subsidiaries and associates are shown in notes 34 and 35 respectively.

### (b) Statement of compliance

The consolidated financial statements have been prepared in accordance with 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 of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The accounting policies and methods of computation used in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2016, except for the changes as set out below.

#### ***Amendments to HKFRSs that are mandatorily effective for the current year***

During the current year, the Group has applied the following amendments to HKFRSs issued by HKICPA which are relevant to its operations:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the 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 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### **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 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>3</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>3</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

The directors of the Company anticipate that the application of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Company.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

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

The consolidated financial statements for the year ended 31 March 2017 incorporate the financial statements of the Company and its subsidiaries (the “Group”) 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, available for sale investments and financial assets at fair value are stated at their fair values as explained in the accounting policies set out below.

#### (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 associated companies on the basis set out in note 1(f) below. Results of subsidiaries and associated companies acquired or disposed of during the year are included as from their effective dates of acquisition to 31 March 2017 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. All intra-group transactions, balances and realized surplus and deficits on transactions between group companies have been eliminated. Non-controlling interests represent the proportion of the results and net assets of subsidiaries not attributable to the Group.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less any impairment losses.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

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

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 recorded 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 consolidated statement of profit or loss includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investments in associates recognized for the year.

In the Company's statement of financial position, its investments in associates are stated at cost less 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. Investment properties are stated in the statement of financial position at fair value. Any gain or loss arising from a change in fair value is recognized in profit or loss.

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

#### **(h) Property, plant and equipment**

Property, plant and equipment are stated in the 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..

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

#### (i) Financial assets

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

The financial instruments are grouped into 3 levels based on the degree to which the inputs to the fair value measurements are observable.

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

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

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

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

#### (i) *Financial assets at fair value*

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

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

##### (ii) Available for sale investments

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

If any objective evidence exists for impairment of available for sale investments, the accumulated loss which is measured as the difference between the acquisition cost and the current fair value, is removed from equity and recognized in profit or loss. Impairment loss recognized on equity investments is not reversed.

#### (j) Impairment of assets

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

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



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

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

##### *(i) Operating lease*

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

##### *(ii) Finance lease*

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

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 the income statement.

#### **(l) Debtors**

Debtors are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method, less allowance for doubtful debt. When doubtful debts are identified, provisions are made and recognized in profit or loss.

#### **(m) Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances, deposits with banks repayable within three months from the date of placement, less bank overdrafts and advances from banks repayable within three months from the date of advance.

#### **(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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

#### (o) Creditors

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

#### (p) Revenue recognition

##### (i) Rental income

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

##### (ii) Rendering of services

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

##### (iii) Dividend income

Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend. Dividend income from unlisted investments is recognized when the Group's right to receive payment is established.

##### (iv) Interest income

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

#### (q) Foreign currencies

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

#### (r) Employee benefits

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

#### (s) Taxation

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

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit 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 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 charged or credited in profit or loss.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

#### (t) Borrowing costs

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

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

#### (u) Related parties

- (i) A person or a close member of that person's family is related to the Group if that person:
  - (1) has control or joint control over the Group;
  - (2) has significant influence over the Group; or
  - (3) is a member of key management personnel of the Group or the Group's holding company.
- (ii) An entity is related to the Group if any of the following conditions apply:
  - (1) The entity and the Group are members of the same Group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
  - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (3) Both entities are joint ventures of the same third party.
  - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (5) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
  - (6) The entity is controlled or jointly controlled by a person identified in (i).
  - (7) A person identified in (i)(1) has significant influence over the entity or is a member of key management personnel of the entity (or of the holding company of the entity).
  - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 2. CRITICAL ACCOUNTING JUDGMENTS 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 recognised 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 recognised in the consolidated financial statements.

#### ***Deferred taxation on investment properties***

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not 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 measuring the Group's deferred taxation on investment properties, 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.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 2. CRITICAL ACCOUNTING JUDGMENTS 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 approximately HK\$6,675,600,000 (31 March 2016: HK\$6,353,900,000) based on the valuations performed by independent qualified professional valuers. In determining the fair values, the valuers have made reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalisation of rental income from properties.

In relying on the valuations, the management of the Group has exercised their judgments and is satisfied that the method of valuation is reflective of the current market conditions. Details of the carrying amounts of investment properties as at 31 March 2017 are disclosed in note 12.

### 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 operating and reportable segments are:

- (i) property and hotels – investment in property and hotels that earn rental and hotel operating income
- (ii) investments and others – other investments that generate dividend and interest income

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

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

#### Segment Result

For the year ended 31 March 2017 (31 March 2016)

	Property and hotels		Investments and others		Consolidated	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment turnover</b>						
Company and subsidiaries	<b>264,896</b>	243,928	<b>30,153</b>	14,784	<b>295,049</b>	258,712
<b>Segment result</b>	<b>198,546</b>	177,391	<b>29,192</b>	13,772	<b>227,738</b>	191,163
Unallocated corporate expenses					<b>(271)</b>	(200)
Operating profit					<b>227,467</b>	190,963
Share of results of associates	<b>31,220</b>	93,672	-	-	<b>31,220</b>	93,672
Change in fair value of investment properties	<b>432,462</b>	208,035	-	-	<b>432,462</b>	208,035
Other gains and losses	<b>209,031</b>	(7,198)	<b>76,711</b>	(2,067)	<b>285,742</b>	(9,265)
Finance costs					<b>(44,971)</b>	(44,013)
Profit before taxation					<b>931,920</b>	439,392

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, 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 2017

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

#### Segment assets and liabilities

As at 31 March 2017 (31 March 2016)

	Property and hotels		Investments and others		Consolidated	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<b>7,379,846</b>	6,611,257	<b>775,468</b>	374,530	<b>8,155,314</b>	6,985,787
Investment in associates	<b>1,069,978</b>	1,178,575	-	-	<b>1,069,978</b>	1,178,575
Consolidated total assets					<b>9,225,292</b>	8,164,362
Segment liabilities	<b>(2,412,851)</b>	(2,203,221)	<b>(40)</b>	(651)	<b>(2,412,891)</b>	(2,203,872)
Unallocated corporate liabilities					<b>(768)</b>	(727)
Consolidated total liabilities					<b>(2,413,659)</b>	(2,204,599)

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

- all assets are allocated to reportable and operating segments.
- 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	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure	<b>673,462</b>	503,691	<b>161,473</b>	118,525	<b>834,935</b>	622,216
Depreciation	<b>341</b>	365	-	-	<b>341</b>	365



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 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 2017 (31 March 2016)

	Turnover by geographical market		Segment assets	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Hong Kong	<b>272,736</b>	252,129	<b>7,401,660</b>	6,722,819
Overseas	<b>22,313</b>	6,583	<b>753,654</b>	262,968
	<b>295,049</b>	258,712	<b>8,155,314</b>	6,985,787

No single customer contributed more than 10% of the Group's revenue for each of the year ended 31 March 2017 and 2016.

### 4. TURNOVER

	2017 HK\$'000	2016 HK\$'000
Rental income	<b>220,542</b>	206,916
Property expenses recovery	<b>44,354</b>	37,012
Dividend income	<b>25,695</b>	11,309
Interest income	<b>4,355</b>	3,463
Others	<b>103</b>	12
	<b>295,049</b>	258,712

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 5. OTHER GAINS AND LOSSES

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net gain on disposal of available for sale investments	<b>76,795</b>	1,336
Increase/(decrease) in fair value of financial assets	<b>128</b>	(393)
Written off of other receivables	<b>(3,929)</b>	–
Gain on disposal of subsidiaries (note 25)	<b>212,960</b>	–
Gain on disposal of an associate	<b>2,201</b>	–
Other losses	<b>(2,413)</b>	(3,010)
Recovery of impairment loss on an associate	–	10,279
Impairment loss recognized in respect of available for sale investments	–	(17,477)
	<b>285,742</b>	(9,265)

### 6. FINANCE COSTS

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans	<b>44,938</b>	44,013
Interest on finance lease	<b>33</b>	–
	<b>44,971</b>	44,013

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 7. PROFIT BEFORE TAXATION

	2017	2016
	HK\$'000	HK\$'000
<b>Profit before taxation has been arrived at after charging:</b>		
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	17,895	17,049
Pension scheme contributions	222	211
Auditors' remuneration (including remuneration for non-audit services)	792	542
Depreciation	341	365
Net exchange (gain)/loss	(2,012)	3,009
<b>and after crediting:</b>		
Rental income from investment properties	220,542	206,916
Add: other income/less: (direct outgoings)	3,264	(4,066)
Listed investment income	7,567	6,958
Unlisted investment income	18,128	4,351
Interest income	4,355	3,463

### 8. TAXATION

#### (a) Taxation

	2017			2016		
	Current taxation	Deferred taxation	Total	Current taxation	Deferred taxation	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provision for the year						
Hong Kong	17,745	7,307	25,052	12,178	5,809	17,987
Overseas	-	(75)	(75)	-	450	450
Under/(over)-provision in prior years	11,044	(11,342)	(298)	-	-	-
	28,789	(4,110)	24,679	12,178	6,259	18,437

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated Hong Kong source assessable profits for the year. 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 2017

### 8. TAXATION (continued)

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

	2017 HK\$'000	2016 HK\$'000
Profit before taxation	931,920	439,392
Less: Share of results of associates	(31,220)	(93,672)
Profit before taxation attributable to the Company and its subsidiaries	900,700	345,720
Tax calculated at applicable tax rate of 16.5% (2016: 16.5%)	148,616	57,044
Expenses not deductible for taxation purposes	1,486	7
Income not subject to taxation	(124,021)	(35,361)
Current year tax losses not recognized	55	33
Deferred tax asset not recognized during the year	(75)	450
Deferred tax asset not recognized in prior years	–	(3,736)
Utilization of previously unrecognized tax loss	(1,084)	–
Over-provision in prior years	(298)	–
Taxation charge	24,679	18,437

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 9. DIVIDENDS

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Interim dividend of HK1.4 cents (2016: HK1.4 cents) per ordinary share	<b>16,157</b>	16,157
Proposed final cash dividend of HK3.0 cents (2016: HK2.8 cents) per ordinary share	<b>34,621</b>	32,313
	<b>50,778</b>	48,470
The dividends which have been paid during the year by cash are as follows:		
Interim for the year ended 31 March 2017 (2016)	<b>16,157</b>	16,157
Final for the year ended 31 March 2016 (2015)	<b>32,313</b>	32,313
	<b>48,470</b>	48,470

The 2017 final cash dividend of HK3.0 cents (2016: HK2.8 cents) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

### 10. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$805,189,000 (2016: HK\$365,553,000) and on the 1,154,038,656 shares (2016: 1,154,038,656 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2017 and 31 March 2016 as the Company had no dilutive potential ordinary shares during both years.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

#### (a) Directors' emoluments

	Directors' fee HK\$'000	Salaries, allowances and benefits HK\$'000	Discretionary bonus* HK\$'000	Pension scheme contributions HK\$'000	2017 Total HK\$'000
Executive Directors					
Rossana Wang Gaw	50	2,720	1,100	–	3,870
Goodwin Gaw	50	444	800	–	1,294
Kenneth Gaw	50	3,573	1,500	18	5,141
Christina Gaw	50	254	500	18	822
Alan Kam Hung Lee	50	1,496	1,200	18	2,764
Independent Non-executive Directors					
Charles, Wai Bun Cheung, JP	90	–	–	–	90
Stephen Tan	90	–	–	–	90
Arnold Tin Chee Ip	90	–	–	–	90
<b>Total</b>	<b>520</b>	<b>8,487</b>	<b>5,100</b>	<b>54</b>	<b>14,161</b>

	Directors' fee HK\$'000	Salaries, allowances and benefits HK\$'000	Discretionary bonus* HK\$'000	Pension scheme contributions HK\$'000	2016 Total HK\$'000
Executive Directors					
Rossana Wang Gaw	50	2,534	1,100	–	3,684
Goodwin Gaw	50	425	750	–	1,225
Kenneth Gaw	50	3,349	1,500	18	4,917
Christina Gaw	50	243	300	13	606
Alan Kam Hung Lee	50	1,432	1,200	18	2,700
Independent Non-executive Directors					
Charles, Wai Bun Cheung, JP	90	–	–	–	90
Stephen Tan	90	–	–	–	90
Arnold Tin Chee Ip	90	–	–	–	90
<b>Total</b>	<b>520</b>	<b>7,983</b>	<b>4,850</b>	<b>49</b>	<b>13,402</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 2017 and 31 March 2016.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

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

During the year, the five highest paid individuals include four directors (2016: four directors), details of whose emoluments are included above. The details of the remuneration of the remaining one (2016: one) highest paid individual are set out below:

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and benefits in kind	<b>716</b>	670
Bonus	<b>232</b>	200
Pension scheme contributions	<b>18</b>	18
	<b>966</b>	888

The number of highest paid individual fell within emoluments bands is as follows:

	<b>2017</b>	2016
HK\$		
Nil – 1,000,000	<b>1</b>	1

### 12. INVESTMENT PROPERTIES

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
At valuation at 31 March 2016 (31 March 2015)	<b>6,353,900</b>	6,121,100
Additions	<b>17,347</b>	24,765
Addition upon acquisition of a subsidiary (note 24)	<b>652,000</b>	–
Disposal of a subsidiary (note 25(b))	<b>(780,109)</b>	–
Revaluation	<b>432,462</b>	208,035
<b>At 31 March 2017 (31 March 2016)</b>	<b>6,675,600</b>	6,353,900

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 12. INVESTMENT PROPERTIES *(continued)*

Investment properties have been valued at 31 March 2017 and 2016 by AA Property Services Limited, independent professional valuers, who have recognized relevant professional qualifications and experiences in valuation of properties. The directors had on-going discussions with the surveyors upon producing the valuation reports in respect of valuation assumption use and other inputs relevant for the valuations of the Group's investment properties.

The following table presents the investment properties measured at fair value at 31 March 2017 and 2016 on a recurring basis, categorised into the three-level 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 how observable the inputs used in the valuation technique.

Descriptions	Fair value HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
<b>As at 31 March 2017</b>		
Investment properties		
In Hong Kong	6,656,000	6,656,000
In Mainland China	19,600	19,600
	6,675,600	6,675,600
<b>As at 31 March 2016</b>		
Investment properties		
In Hong Kong	6,334,000	6,334,000
In Mainland China	19,900	19,900
	6,353,900	6,353,900

During the year, there were no transfers between level 1 and 2, or transfer 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 2017 and 2016, the fair value of the investment properties were 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 2017

### 12. INVESTMENT PROPERTIES (continued)

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

2017

Descriptions	Fair value as at 31 March 2017 HK\$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Property in Hong Kong and Mainland China	6,675,600	Investment approach	(i) Capitalization rate	2.7% – 4.6%	The higher the capitalization rate, the lower the fair value
			(ii) Market rent	HK\$8 – HK\$89 psf per month	The higher the market rent, the higher the fair value

2016

Descriptions	Fair value as at 31 March 2016 HK\$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Property in Hong Kong and Mainland China	6,353,900	Investment approach	(i) Capitalization rate	2.95% – 4.8%	The higher the capitalization rate, the lower the fair value
			(ii) Market rent	HK\$6 – HK\$89 psf 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 2017

### 13. ASSOCIATES

	2017 HK\$'000	2016 HK\$'000
Cost of investment	90,004	46,851
Share of post-acquisition reserves	544,301	652,441
	634,305	699,292
Amounts due from associates	442,065	498,336
Amounts due to associates	(6,392)	(19,053)
	1,069,978	1,178,575

The amounts due from/to associates are unsecured, interest-free and have no fixed terms of repayment.

The Directors consider that the amounts due from/to associates as at the end of the reporting period form part of the net investments in the relevant associates. During the year ended 31 March 2017, an amount due from associate of approximately HK\$39,058,000 was transferred as investment in the associate.

Particulars of the Group's major associates as at 31 March 2017 and 31 March 2016 are set out in note 35.

	2017 HK\$'000	2016 HK\$'000
Carrying value of the material associate in the consolidated financial statements:		
Supreme Key Limited	463,655	478,812
Aggregate carrying value of associates that are not individually material in the consolidated financial statements	606,323	699,763
	1,069,978	1,178,575

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 13. ASSOCIATES (continued)

Summary of financial information of the material associate, Supreme Key Limited, is as follows:

	<b>Supreme Key Limited</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Non-current assets	<b>7,729,368</b>	8,025,703
Current assets	<b>741,893</b>	635,872
Non-current liabilities	<b>(7,677,250)</b>	(7,718,756)
Current liabilities	<b>(115,061)</b>	(112,298)
<b>Equity</b>	<b>678,950</b>	830,521
(Note 1)		
Revenue	<b>107,450</b>	586,284
(Loss)/profit for the period	<b>(152,820)</b>	830,521
Other comprehensive income	–	–
<b>Total comprehensive (expense)/income</b>	<b>(152,820)</b>	830,521
<b>Dividend received from the associate</b>	<b>–</b>	–
Reconciled to the Company's interest on the associate:		
Gross amounts of net assets of the associate	<b>678,950</b>	830,521
Group's effective interest	<b>10.0%</b>	10.0%
Group's share of net assets of the associate	<b>67,895</b>	83,052
Legal & professional fee on acquisition	–	(1,071)
Amount due from the associate	<b>395,760</b>	396,831
<b>Carrying value of the associate in the consolidated financial statements</b>	<b>463,655</b>	478,812

Note 1: The amounts in 2016 represent the post-acquisition revenue and profit for the period from 1 October 2015 to 31 March 2016.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 13. ASSOCIATES (continued)

Aggregate financial information of associates that are not individually material:

	2017 HK\$'000	2016 HK\$'000
Aggregate carrying value of associates that are not individually material in the consolidated financial statements	<b>606,323</b>	699,763
Aggregate amounts of the Group's share of those associates:		
Profit for the year	<b>46,502</b>	11,691
Other comprehensive expense	<b>(20,098)</b>	(16,599)
Total comprehensive income/(expense)	<b>26,404</b>	(4,908)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 14. AVAILABLE FOR SALE INVESTMENTS

	2017 HK\$'000	2017 HK\$'000	2017 HK\$'000
	Level 1	Level 3	Total
<b>Non-current</b>			
Listed equity investments			
In Hong Kong	124,702	–	124,702
Outside Hong Kong	97,256	–	97,256
Listed debt securities/investment funds			
In Hong Kong	7,186	–	7,186
Outside Hong Kong	82,427	–	82,427
Unlisted equity investments			
In Hong Kong	–	37	37
Outside Hong Kong	–	112,254	112,254
Unlisted investment funds			
Outside Hong Kong	–	4,818	4,818
	<b>311,571</b>	<b>117,109</b>	<b>428,680</b>
<b>Current</b>			
Listed debt securities			
In Hong Kong	15,869	–	15,869
Outside Hong Kong	69,191	–	69,191
	<b>85,060</b>	<b>–</b>	<b>85,060</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 14. AVAILABLE FOR SALE INVESTMENTS (continued)

	2016 HK\$'000	2016 HK\$'000	2016 HK\$'000
	Level 1	Level 3	Total
<b>Non-current</b>			
Listed equity investments			
In Hong Kong	191,849	–	191,849
Outside Hong Kong	10,846	–	10,846
Listed debt securities/investment funds			
In Hong Kong	19,201	–	19,201
Outside Hong Kong	6,809	–	6,809
Unlisted equity investments			
In Hong Kong	–	37	37
Outside Hong Kong	–	132,707	132,707
Unlisted investment funds			
Outside Hong Kong	–	26,084	26,084
	228,705	158,828	387,533
<b>Current</b>			
Listed debt securities			
Outside Hong Kong	80,529	–	80,529

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 14. AVAILABLE FOR SALE INVESTMENTS (continued)

The available for sale investments are shown at fair value. The fair value of the listed investments are measured using quoted prices in active market (level 1 inputs). They are derived from the current bid price of the listed shares, debt securities and investment funds at reporting date.

For unlisted investments that do not have quoted market price in active markets, they are measured using valuation techniques in which any significant input is not based on observable market data (level 3 inputs).

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

	2017 HK\$'000	2016 HK\$'000
Unlisted available for sale investments		
At 1 April 2016 (1 April 2015)	158,828	90,680
Additions	692	65,083
Disposals	(24,056)	–
Return of capital	(20)	–
Gain on disposal	656	–
Total gains or losses:		
In other comprehensive income as change in fair value of available for sale investments of subsidiaries	(18,991)	3,065
At 31 March 2017 (31 March 2016)	117,109	158,828

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 15. PROPERTY, PLANT AND EQUIPMENT

	<b>HK\$'000</b>
<b>Cost</b>	
At 31 March 2015	4,564
Additions	22
At 31 March 2016	4,586
Additions	1,179
Disposals	(1,090)
Written off	(1,021)
<b>At 31 March 2017</b>	<b>3,654</b>
<b>Accumulated depreciation</b>	
At 31 March 2015	2,747
Charge for the year	365
At 31 March 2016	3,112
Charge for the year	341
Eliminated on disposal	(827)
Eliminated on written off	(814)
<b>At 31 March 2017</b>	<b>1,812</b>
<b>Net book value</b>	
<b>At 31 March 2017</b>	<b>1,842</b>
At 31 March 2016	1,474



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 16. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Deferred rental receivables	<b>19,823</b>	22,467
Dividend receivable	–	15,983
Other deposits and prepayments	<b>8,682</b>	7,624
Trade and rental debtors	<b>2,061</b>	6,054
	<b>30,566</b>	52,128

Trade and rental debtors mainly comprise rental receivables. Rent 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 was as follows:

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>1,965</b>	5,390
31 – 60 days	<b>58</b>	464
61 – 90 days	<b>7</b>	199
> 90 days	<b>31</b>	1
	<b>2,061</b>	6,054

The Group considered the above trade and rental debtors are fully recoverable. The Group has not made any provision for bad and doubtful debts for both years ended 31 March 2017 and 31 March 2016.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 17. FINANCIAL ASSETS AT FAIR VALUE

	2017	2016
	HK\$'000	HK\$'000
Listed shares, at market value		
Outside Hong Kong	1,349	1,220

All of the financial assets at fair value as at 31 March 2017 and 2016 were measured using quoted price (unadjusted) in active markets for identical financial instruments (level 1 inputs). They are derived from the current bid price of the listed shares at the reporting date.

### 18. CASH & BANK BALANCES

	2017	2016
	HK\$'000	HK\$'000
Cash at bank and in hand	96,759	93,018
Short-term bank deposits	375,714	15,464
Cash and cash equivalents	472,473	108,482

Bank balances of HK\$92,397,000 (2016: HK\$80,158,000) were charged by the lending banks to secure payment of bank loan interest.

The effective interest rate on short-term bank deposits was 0.89% p.a. (2016: 0.29% p.a.).

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

	2017	2016
	HK\$'000	HK\$'000
Hong Kong dollars	113,382	98,268
United States dollars	356,906	8,015
Others	2,185	2,199
	472,473	108,482

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 19. SHARE CAPITAL

	Number of Shares of HK\$0.10 each	HK\$'000
Authorised		
At 31 March 2017 and 31 March 2016	2,000,000,000	200,000
Issued and Fully Paid		
At 31 March 2017 and 31 March 2016	1,154,038,656	115,404

### 20. CREDITORS & ACCRUALS

	2017 HK\$'000	2016 HK\$'000
Creditors and accruals (due within one year)		
Rental deposit received	16,350	22,349
Accruals	14,862	6,914
Trade payables	3,318	5,036
	<b>34,530</b>	34,299
Creditors and accruals (due more than one year)		
Rental deposit received	51,633	49,889
	<b>86,163</b>	84,188

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

	2017 HK\$'000	2016 HK\$'000
0 – 30 days	2,593	3,443
31 – 60 days	307	234
61 – 90 days	198	241
> 90 days	220	1,118
	<b>3,318</b>	5,036

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 21. SECURED BANK LOANS

	2017	2016
	HK\$'000	HK\$'000
Current		
Repayable within one year	<b>863,500</b>	54,651
Non-current		
Repayable more than one year but not exceeding two years	<b>1,013,769</b>	999,995
Repayable more than two years but not exceeding five years	<b>400,000</b>	1,011,734
	<b>1,413,769</b>	2,011,729

As at 31 March 2017, all bank loans were denominated in Hong Kong dollars and as at 31 March 2016, all bank loans were denominated in Hong Kong dollars except for a bank loan of HK\$651,000 which was denominated in Euro. The effective interest rate at the year end date was 1.88% p.a. (2016: 2.04% p.a.).

### 22. OBLIGATION UNDER FINANCE LEASE

It is the Group's policy to lease certain of its property, plant and equipment under finance lease and it is classified under current liabilities as at 31 March 2017. Interest rate underlying the obligation under finance lease is fixed at respective contract date at 2% per annum. As at 31 March 2017, the minimum lease payment and present value of minimum lease payment are approximately HK\$1,103,000 and HK\$1,018,000 respectively.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 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 balances 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 2015	2,538	49,349	(4,115)	47,772
Charge to profit or loss	450	7,442	(1,633)	6,259
At 31 March 2016	2,988	56,791	(5,748)	54,031
At 31 March 2016	2,988	56,791	(5,748)	54,031
Charge to profit or loss	(75)	(5,347)	1,312	(4,110)
Reversal upon disposal of a subsidiary (note 25(b))	–	(2,418)	–	(2,418)
<b>At 31 March 2017</b>	<b>2,913</b>	<b>49,026</b>	<b>(4,436)</b>	<b>47,503</b>

At the end of reporting period, the Group has unused tax losses of approximately HK\$26,883,000 (31 March 2016: HK\$34,837,000) available for offset against future profits. The losses may be carried forward indefinitely. A deferred tax asset has been recognized in respect of approximately HK\$4,436,000 (31 March 2016: HK\$5,748,000) of such losses.

### 24. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 18 October 2016, a wholly owned subsidiary of the Company entered into a share purchase agreement with an independent third parties to acquire the entire issued share capital of Maxforte Investments Company Limited, an entity holding an investment property in Hong Kong for a consideration of HK\$651,997,000. This transaction was accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 24. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY (continued)

Fair value of assets and liabilities recognized at the date of acquisition:

	HK\$'000
Net assets acquired:	
Investment property	652,000
Debtors, advances & prepayments	4,022
Cash & bank balances	6
Creditors & accruals	(3,857)
Tax liabilities	(174)
Net assets	651,997
Consideration	(651,997)
Net cash outflow arising on acquisition:	
Consideration paid in cash	651,997
Less: cash & bank balances acquired	(6)
	651,991

### 25. DISPOSAL OF SUBSIDIARIES

- (a) On 9 May 2016, an indirectly wholly owned subsidiary of the Company entered into a sale and purchase agreement with True Light Enterprises Limited, the purchaser, to sell the entire issued share capital and shareholder loan of Network Success Limited, a wholly owned subsidiary of the Company, with a consideration of HK\$68,700,000. The net assets of Network Success Limited, at the date of disposal were as follows:

	HK\$'000
Interests in an associate	64,020
Amount due from an associate	4,680
Creditors & accruals	(48)
Net assets disposed of	68,652
Consideration received, net of transaction cost	68,652
Net assets disposed of	(68,652)
Reclassification adjustment on exchange reserve of an associate upon disposal of a subsidiary	2,061
Gain on disposal	2,061

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 25. DISPOSAL OF SUBSIDIARIES (continued)

- (b) On 23 December 2016, an indirectly wholly owned subsidiary of the Company entered into a sale and purchase agreement with Famous Spirit Limited, the purchaser, to sell the entire issued share capital AEW VIA Cayman 4 Ltd, a wholly owned subsidiary of the Company that holds an investment property in Hong Kong, with a cash consideration of HK\$760,000,000 which including assignment of shareholder loan of HK\$48,655,000. The net assets of AEW VIA Cayman 4 Ltd, at the date of disposal were as follows:

	HK\$'000
Investment property	780,109
Debtors, advances & prepayments	2,298
Cash & bank balances	947
Creditors & accruals	(8,762)
Tax liabilities	(568)
Bank loans	(240,000)
Amount due to immediate holding company	(48,655)
Deferred taxation	(2,418)
<u>Net assets disposed of</u>	<u>482,951</u>
Consideration received, net of transaction cost:	693,850
<u>Net assets disposed of</u>	<u>(482,951)</u>
<u>Gain on disposal</u>	<u>210,899</u>
Net cash inflow arising on disposal:	
Cash consideration, net of transaction cost	693,850
Assignment of shareholder loan	48,655
<u>Less: cash &amp; bank balances disposed of</u>	<u>(947)</u>
	<u>741,558</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 26. GUARANTEES & COMMITMENTS

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Guarantees		
– given to bank in respect of banking facilities utilized by subsidiaries of the Company	<b>1,878,200</b>	1,056,995
Commitments (contracted but not provided for)		
– for total future minimum lease payments in respect of land and buildings		
– not later than one year	<b>2,668</b>	2,993
– later than one year and not later than five years	<b>2,880</b>	3,473
– for purchase of available for sale investments		
– not later than one year	<b>4,488</b>	5,281
– for acquisition of additional interest in an associate		
– not later than one year	<b>459,444</b>	–
– for forward exchange contracts		
– not later than one year	–	80,087
	<b>2,347,680</b>	1,148,829

### 27. OPERATING LEASE RECEIVABLE

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

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Not later than one year	<b>226,389</b>	229,455
Later than one year but not later than five years	<b>248,614</b>	303,555
Over five years	<b>83</b>	–
	<b>475,086</b>	533,010



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 28. PLEDGE OF ASSETS

As at 31 March 2017, investment properties with a carrying value of approximately HK\$6,620 million (2016: HK\$6,300 million and available for sale investments with a carrying value of approximately HK\$13 million) were pledged to secure bank loan facilities to the extent of HK\$2,277 million (2016: HK\$2,122 million), among which HK\$2,277 million (2016: HK\$2,066 million) has been utilized.

### 29. RELATED PARTY TRANSACTIONS

#### (a) Transaction with a related party

In January 2016, Gaw Capital Advisors Limited has entered into a lease agreement with our Group company to lease partial of 18th and 19th floors of 68 Yee Wo Street, Hong Kong. Based on the terms of the lease agreement, rental income of HK\$5.3 million was received for the year ended 31 March 2017.

Details of the above transaction is discussed in the Directors' Report section page 14.

#### (b) Key management personnel compensation

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

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Fees	<b>520</b>	520
Salaries, allowances and benefits	<b>9,203</b>	8,653
Discretionary bonus	<b>5,332</b>	5,050
Pension scheme contributions	<b>72</b>	67
	<b>15,127</b>	14,290

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 30. EVENT AFTER THE REPORTING DATE

On 28 March 2017, Uniever Link Limited, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to acquire an additional 20% equity interest of an associate of the Group. The associate is a hotel investment company which through its subsidiaries owns InterContinental Hong Kong, a 5 star-hotel in Hong Kong. A deposit of HK\$459.4 million was paid on 31 March 2017. The consideration balance of HK\$459.4 million was paid on 2 June 2017. Details of the acquisition were set out in the Company's announcement dated 29 March 2017 and circular dated 16 May 2017.

### 31. FINANCIAL RISKS MANAGEMENT

#### (a) Categories of financial instruments

	2017	2016
	HK\$'000	HK\$'000
<b>Financial assets</b>		
Financial assets at fair value	1,349	1,220
Loans and receivables (including cash and cash equivalents)	494,357	152,986
Available for sale investments	513,740	468,062
	<b>1,009,446</b>	622,268
<b>Financial liabilities</b>		
Secured bank loans	2,277,269	2,066,380
Amortized cost	3,318	5,036
	<b>2,280,587</b>	2,071,416

The Group's principal financial instruments comprise bank loans and cash and short-term deposits and available for sale 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 2017

### 31. 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 21 to the consolidated financial statements.

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

	Change in basis points	Change in profit before taxation HK\$'000	Change in equity HK\$'000
<b>2017</b>			
Bank borrowings	100	22,773	22,773
Short-term bank deposits	100	3,757	3,757
<b>2016</b>			
Bank borrowings	100	20,664	20,664
Short-term bank deposits	100	154	154

#### (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 available for sale investments and financial assets at fair value which are denominated in Thai baht, Singapore dollar, Malaysian ringgit, Euro, Canadian dollar and Chinese yuan. 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 31. FINANCIAL RISKS MANAGEMENT *(continued)*

#### (c) Foreign currency risk *(continued)*

	Change in exchange rate %	Change in profit before taxation HK\$'000	Change in equity HK\$'000
<b>At 31 March 2017</b>			
Available for sale investments and financial assets at fair value			
Thai baht	5%	67	82
Singapore dollar	5%	–	19
Malaysian ringgit	5%	–	2,552
Euro	5%	–	14
Canadian dollar	5%	–	95
<b>At 31 March 2016</b>			
Available for sale investments and financial assets at fair value			
Thai baht	5%	61	75
Singapore dollar	5%	–	66
Malaysian ringgit	5%	–	3,547
Euro	5%	–	69
Chinese yuan	5%	–	4,026
Canadian dollar	5%	–	90

#### (d) Credit risk

The Group's exposure to credit risk is mainly attributable to bank deposits and 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.

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 the 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 31. FINANCIAL RISKS MANAGEMENT (continued)

#### (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 2017

	Weighted average interest rate %	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Total HK\$'000
Secured bank loans	1.88	893,475	1,041,661	405,647	2,340,783
Trade payables	–	3,318	–	–	3,318
		<b>896,793</b>	<b>1,041,661</b>	<b>405,647</b>	<b>2,344,101</b>

#### At 31 March 2016

	Weighted average interest rate %	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Total HK\$'000
Secured bank loans	2.04	95,757	1,033,286	1,032,347	2,161,390
Trade payables	–	5,036	–	–	5,036
		100,793	1,033,286	1,032,347	2,166,426

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 31. FINANCIAL RISKS MANAGEMENT *(continued)*

#### (f) Equity price risk

Equity price risk is the risk that the fair value of equity securities decreases as a result of changes in the level of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual investments classified as available for sale investments (note 14) and financial assets at fair value (note 17) as at 31 March 2017. 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. For the purpose of this analysis, the impact for the available for sale investments is deemed to be on the available for sale investments revaluation reserve and no account is given for factors such as impairment which might impact on the statement of profit or loss.

	Carrying amount of investments HK\$'000	Change in profit before taxation HK\$'000	Change in equity HK\$'000
<b>At 31 March 2017</b>			
Listed investments:			
Available for sale investments	221,958	–	11,097
Financial assets at fair value	1,349	67	67
At 31 March 2016			
Listed investments:			
Available for sale investments	202,695	–	10,134
Financial assets at fair value	1,220	61	61

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For the year ended 31 March 2017

### 31. 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 2017 and 31 March 2016.

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

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Interest bearing bank borrowings	<b>2,277,269</b>	2,066,380
Less: Cash & bank balances	<b>(472,473)</b>	(108,482)
Net debt	<b>1,804,796</b>	1,957,898
Total assets	<b>9,225,292</b>	8,164,362
Gearing ratio	<b>19.6%</b>	24.0%

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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

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

	At 31 March 2017 HK\$'000	At 31 March 2016 HK\$'000
<b>ASSETS</b>		
Non-current assets		
Subsidiary companies	1,536,041	1,438,191
Associates	41,116	41,116
Available for sale investments	3,945	3,140
	<b>1,581,102</b>	1,482,447
Current assets		
Debtors, advances & prepayments	155	130
Cash & bank balances	1,483	98
Tax assets	292	292
	<b>1,930</b>	520
<b>Total assets</b>	<b>1,583,032</b>	1,482,967
<b>EQUITY</b>		
Share capital	115,404	115,404
Reserves	1,466,971	1,366,963
<b>Total equity</b>	<b>1,582,375</b>	1,482,367
<b>LIABILITIES</b>		
Current liabilities		
Creditors & accruals	657	600
<b>Total liabilities</b>	<b>657</b>	600
<b>Total equity and liabilities</b>	<b>1,583,032</b>	1,482,967

The Company's statement of financial position was approved and authorized for issue by the Board of Directors on 26 June 2017 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 2017

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

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

	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000
At 31 March 2016	547,748	381,051	439,569	(1,405)	1,366,963
Profit for the year	-	-	147,673	-	147,673
2016 final dividend paid	-	-	(32,313)	-	(32,313)
2017 interim dividend paid	-	-	(16,157)	-	(16,157)
Revaluation of available for sale investments	-	-	-	805	805
<b>At 31 March 2017</b>	<b>547,748</b>	<b>381,051</b>	<b>538,772</b>	<b>(600)</b>	<b>1,466,971</b>
At 31 March 2015	547,748	381,051	400,212	934	1,329,945
Profit for the year	-	-	87,827	-	87,827
2015 final dividend paid	-	-	(32,313)	-	(32,313)
2016 interim dividend paid	-	-	(16,157)	-	(16,157)
Revaluation of available for sale investments	-	-	-	(2,339)	(2,339)
At 31 March 2016	547,748	381,051	439,569	(1,405)	1,366,963

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\$919,823,000 (2016: HK\$820,620,000), being the contributed surplus and retained earnings at that date.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 33. SUBSIDIARY COMPANIES

	2017 HK\$'000	2016 HK\$'000
Unlisted shares, at cost	421,933	421,933
Amounts due by subsidiaries	1,120,347	1,061,924
Provision for impairment	(6,239)	(45,666)
	<b>1,536,041</b>	1,438,191

The amounts due by subsidiaries are unsecured, interest-free and have no fixed term of repayment. The carrying value of these amounts due by subsidiaries approximates their fair values.

Particulars of the Group's major subsidiaries at 31 March 2017 are set out in note 34.

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.

	2017 HK\$'000	2016 HK\$'000
Percentage of NCI	40%	40%
Current assets	105,385	90,417
Non-current assets	3,180,000	3,000,000
Current liabilities	(12,936)	(16,775)
Non-current liabilities	(1,066,501)	(1,059,189)
Net assets	<b>2,205,948</b>	2,014,453
Carrying value of NCI in the consolidated financial statements	<b>882,379</b>	805,781
Revenue	128,745	120,240
Profit for the year	241,494	135,527
Total comprehensive income	<b>241,494</b>	135,527
Profit allocated to NCI	<b>96,598</b>	54,211
Cash generated from operating activities	94,533	89,580
Cash used in investing activities	(7,826)	(3,222)
Cash used in financing activities	(70,629)	(94,963)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 34. PARTICULARS OF MAJOR SUBSIDIARIES

Particulars of the major subsidiaries of Group as at 31 March 2017 are as follows:

Name of company	Main activity	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Percentage of equity held
All Success Holdings Limited	Real Estate	Hong Kong	Hong Kong	HK\$1	100
Anpona Investments Limited	Real Estate	Hong Kong	Hong Kong	HK\$10,000	100
Brilliant Valley Investment Limited	Investment	Liberia	Hong Kong	HK\$1	100
Causeway Bay 68 Limited	Investment	British Virgin Islands	Hong Kong	US\$1,000	60
Chance Advance Limited	Investment	British Virgin Islands	Hong Kong	US\$100	100
Dynamic Business Limited	Real Estate	Hong Kong	Hong Kong	HK\$1	100
Forerunner Investments Limited	Investment	Hong Kong	Hong Kong	HK\$3,000,000	65
Glory East Limited	Real Estate	Liberia	Hong Kong	Nil	100
Golden Mile Limited	Real Estate	Liberia	Hong Kong	Nil	100
Kind Regent Holdings Limited	Investment	British Virgin Islands	Hong Kong	US\$1	100
Master Yield Limited	Investment	British Virgin Islands	Hong Kong	Nil	100
Maxforte Investments Company Limited	Real Estate	Hong Kong	Hong Kong	HK\$24	100
Pine International Limited	Investment	British Virgin Islands	Hong Kong	HK\$1	100
Pioneer Estates Limited	Real Estate	Hong Kong	Hong Kong	HK\$1,000	100
Pioneer Industries (Holdings) Limited	Investment	Hong Kong	Hong Kong	HK\$75,873,257	100
Supreme Success Limited	Real Estate	Hong Kong	Hong Kong	HK\$1	100
Treasure Spot Investments Limited	Real Estate	British Virgin Islands	Hong Kong	US\$1	60
Wealth Instrument Inc.	Investment	British Virgin Islands	Hong Kong	US\$1	100
Uniever Link Limited	Investment	British Virgin Islands	Hong Kong	US\$1	100

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

### 35. PARTICULARS OF MAJOR ASSOCIATES

Particulars of the major associates of the Group as at 31 March 2017 are as follows:

Name of Company	Place of incorporation	Investment by associates	Group's effective interest in investment	Group's effective interest in associates	Issued and paid up capital
Keencity Properties Limited	British Virgin Islands	Pullman Pattaya Hotel G, Thailand	49.5%	49.5%	US\$9,939,020
Pioneer Hospitality Siam (GBR) Limited	Thailand	Hotel operating businesses	49.5%	49.5%	Baht 300,000,000
Royal Culture Limited	Hong Kong	Pullman Bangkok Hotel G, Thailand	49.5%	49.5%	HK\$1
Strand Hotels International Limited	British Virgin Islands	Three hotels in Myanmar	21.6%	43.2%	US\$11,101,191
Supreme Key Limited (Note 1)	British Virgin Islands	InterContinental Hong Kong	10.0%	10.0%	US\$10

Note 1: The Group owns 10% shareholdings of Supreme Key Limited. It was classified as an associate because we have significant influence over the company. We have appointed one out of five directors of the company. Our Directors will actively participate in the strategic decision making of the company.

## Schedule of the Group's Properties

The following is a list of properties held for investment as at 31 March 2017:

Location/Lot No.	Type of property	Lease term	Group's effective interest	Gross area
1. Pioneer Place (formerly known as Pioneer Building) 33 Hoi Yuen Road, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 294	Commercial	Medium-term	100%	245,678 ft <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 House 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. 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, People's Republic of China	Residential	Medium-term	100%	5,248 ft <sup>2</sup>

## Five Years Financial Summary

	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000
<b>RESULTS</b>					
Turnover	199,415	177,569	212,105	258,712	<b>295,049</b>
Profit attributable to shareholders	671,140	477,449	804,243	365,553	<b>805,189</b>
Dividend	41,545	43,853	47,315	48,470	<b>48,470</b>
Earnings per share (HK cents)	58.16	41.37	69.69	31.68	<b>69.77</b>
<b>FINANCIAL POSITION</b>					
Total assets	5,969,085	6,428,120	7,485,708	8,164,362	<b>9,225,292</b>
Total liabilities	(1,604,632)	(1,633,585)	(1,857,649)	(2,204,599)	<b>(2,413,659)</b>
	<b>4,364,453</b>	<b>4,794,535</b>	<b>5,628,059</b>	<b>5,959,763</b>	<b>6,811,633</b>
Capital and reserves					
Share capital	115,404	115,404	115,404	115,404	<b>115,404</b>
Reserves	3,566,093	3,937,943	4,711,379	5,013,572	<b>5,795,804</b>
Shareholders' funds	3,681,497	4,053,347	4,826,783	5,128,976	<b>5,911,208</b>
Non-controlling interests	682,956	741,188	801,276	830,787	<b>900,425</b>
	<b>4,364,453</b>	<b>4,794,535</b>	<b>5,628,059</b>	<b>5,959,763</b>	<b>6,811,633</b>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Net asset value per share (Note 1)	319.0	351.2	418.3	444.4	<b>512.2</b>
Total debt to total assets	24.8%	23.7%	23.2%	25.3%	<b>24.7%</b>

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

